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**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD.**

2023 Annual Report

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<https://mops.twse.com.tw> (Taiwan Stock Exchange Market Observation Post System)

<http://www.cptwn.com.tw> (Corporate Website)

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Letter to Shareholders

Dear shareholders and honorable guests,

Welcome shareholders and guests to participate in the 2024 Annual General Shareholders' you for your kindness and support for the Company over the years.

Recalling 2023, after the epidemic, people shifted their consumption focus to related services such as catering, tourism, leisure and entertainment. As the catering market is facing an optimistic recovery, related industries have increased their efforts to stock up on basic ingredients and beverages. In addition, the scale of food exhibitions and wedding and funeral celebrations continues to expand, as well as the return of international tourists to Taiwan, which will help boost the shipment momentum of various types of food and souvenirs. On the other hand, in response to consumers' changing dietary habits, food companies are actively stimulating end consumption by adjusting raw material formulas; strengthening co-branding strategic cooperation or innovating packaging and flavors; and developing health-oriented products to seize safe eating business opportunities. However, In an inflationary environment, people's purchasing power for non-essential food is suppressed, and the normalization of the epidemic has reduced the purchase of long-lasting dry food. Therefore, it is estimated that the sales value of the food industry will show a slowdown in growth in 2023.

In 2023, the Company has shown progress on various business indicators compared with the previous years, including production and marketing cost control, breeding management, livestock breeding rates, breeder egg production rates, brand management, physical marketing channels, strengthened R&D and production of food processing, e-commerce channel development, etc. Under the impact of the Covid-19 epidemic, thanks to the efforts of all colleagues, the Company still had an operating performance of EPS NT\$ 7.70.

Envisioning 2024, our country's food industry is booming, as the proportion of nuclear family and dual-income families increases, restaurant and hotel spending is expected to increase in total household consumption expenditure, in addition, the government is actively seeking international tourists, targeting high-end customer groups and large tour groups, the tourism market is expected to recover steadily, creating an optimistic business environment for the food industry.

It is expected that a more stable development in 2024. However, it is necessary to observe uncontrollable external factors such as the influence of the China–United States trade war and Ukraine-Russia War, fluctuations in bulk grain price, oil prices, exchange rates, poultry and livestock prices, etc. The following business strategies will continue to be carried out in the future:

1. CP Group upholds the Three Benefits to Sustainability “for the Country, the People and the Company” and keeps on continuous innovation to take “Become the Kitchen of the World” as its mission. The R&D team has established the core technology and database of meat processing for years and continuously communicates with the R&D center of Thailand Head Office and collects the development trends and information of food all over the world for continuous improvement.

-
2. Standing with customers and providing them with satisfied products in a fast and high-quality way to create a win-win situation is CP Group's insistent belief.

Understanding the customers' needs is the motivation to spur us to move forward continuously. Customers' satisfaction is the greatest power to support us. We will continue to uphold this belief to develop safe and delicious food for customers and consumers.

3. In addition to the meat processing product market we have already deeply cultivated, we have also completed development and sales of dry meat products such as meat floss and jerky, egg products such as steamed egg custard, boiled egg, soft boiled egg, omelette, tamagoyaki, and prepared food package to provide consumers more versatile dietary needs.

The Company has been well aware of the frequent incidents of food safety in recent years. The corporate philosophy of CP Group Chairman, Dhanin Chearavanont, is "for the Country, the People, and the Company." All colleagues are required to take into account the economy, corporate social responsibility (CSR) and environmental protection when promoting policies, as well as the philosophy of fully protecting the consumers' food safety and health.

Regarding the 2023 operation result and the 2024 business objectives, we would like to invite our CEO, Mr. Thong Chotirat, to present it to all the shareholders and honorable guests.

Finally, wish all shareholders and guests good health, peace and happiness.

Chairman

Wu Yeh Cheng

Dear Shareholders and honorable guests,

Total consolidated operating revenue of the Company for 2023 was NT\$ 29,159,749 thousand, an increase of NT\$ 200,529 thousand and 0.7% growth compared with 2022. The structure of operating revenue is illustrated as follows:

1. Feed Business

The operating revenue was NT\$9,230,326 thousand, approximately 31.7% of the total operating revenue, with 14.2% decrease compared with NT\$10,759,370 thousand in 2022.

2. Agriculture and Livestock Business

The operating revenue was NT\$12,886,683 thousand, approximately 44.2% of the total operating revenue, with 11.4% growth compared with NT\$11,570,762 thousand in 2022.

3. Consumable Food Products

The operating revenue was NT\$7,042,740 thousand, approximately 24.1% of the total operating revenue, with 6.2% growth compared with NT\$6,629,088 thousand in 2022.

In conclusion, total operating revenue deducted the operating costs NT\$24,157,745 thousand to obtain the net operating margin NT\$5,002,004 thousand. The operating profit was NT\$2,927,334 thousand, the profit before income tax was NT\$2,814,913 thousand, and the earnings per share was NT\$7.70.

The results of 2023 operating performance, business plan, budget implementation, and financial analysis and 2024 business plan overview are illustrated in the Annual Report, please refer to page 5~6.

Envisioning the coming year, I and all colleagues will fulfill the strategy and the budget target for the year of 2024 assigned by the Board of Directors with the best efforts. I sincerely invite every shareholder to continue giving us your kind support and concern, and offer your comments without hesitation.

Finally, I wish all the shareholders and honorable guests have good health, success, and happiness.

Chief Executive Officer

Thong Chotirat

I. 2023 Business Report

1. Operating Performance

Please refer to the previous page.

2. Budget Implementation

In accordance with the Regulations Governing the Publication of Financial Forecast of Public Companies, the Company does not have to prepare 2023 financial forecasts to the public. However, the overall business performance is better than the company's internal operating plan.

3. Finance Income and Costs and Profitability Analysis

(1) Finance Income and Costs

A. Year 2023 Interest income was NT\$2,741 thousand which is from bank deposits.

B. Year 2023 Interest expense was NT\$208,594 thousand which is from bank borrowings.

(2) Profitability Analysis

Item	Year 2023
Return on total assets	9.01%
Return on owners' equity	22.90%
Ratio of profit before income tax to paid-in capital	95.49%
Profit margin	7.74%
Earnings Per Share	NT\$ 7.70

4. Research and Development

(1) Develop a variety of Chinese-style, exotic, and egg cuisines, such as Pepper Salt Taiwanese Fried Chicken, Crispy German Pork Knuckle, Pork Knuckle with Basil, Massaman Curry Chicken, Korean spice pork with Rice, Japanese-style Fried Egg, Deep-fried eggs with Thai sweet chill sauce, Mushrooms and Vegetables Omelette, etc., for consumers to enjoy delicious meal anytime anywhere in a more convenient and simple way.

(2) Targeting the needs and trends for high-protein diets, further develop more flavored chicken breast salad products, such as European Curry, Provence-flavored, and Truffled Chicken Breast, and expand the sales market shares of each channel.

II. 2024 Business Plan and Future Development Strategy

1. Operating Principles

For a long time, we have been dedicated to the agriculture, livestock, and food core business. We aggressively established a business model to integrate upper, middle, and lower stream of the industry, including feed manufacturing, livestock breeding, electric slaughtering, fresh frozen meat, meat processing food, egg products, etc. In addition, implementing our marketing strategies of brands enhancement, intensive physical e-commerce channels, procurement and R&D strategies, and also the most rigorous quality control operation, we insist on a fully control of quality and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety. Our consistent business philosophy is to provide consumers with high-quality meat which is safe, hygienic, convenient, healthy, and highly qualified with reasonable price.

2. Sales forecast and its reference

In accordance with past performance and changes of market demand, 2024 projected sales volume illustrated as follows:

Item	Unit	Projected sales volume
Feed and extruded ingredients	Tons	600,000
Livestock Fresh Meat	Tons	135,000
Consumable Food	Tons	55,000

3. Important Production and Marketing Policy

After joined the World Trade Organization (WTO), Taiwan lifted all bans on meat imports in 2005. Under the impact of globalization, the domestic and foreign business environment is bound to face greater challenges while the price competition is more brutal. In order to ease the pressure from price competition, we will focus on our business strategies of brand enhancement, channels operating, use of the Group's global procurement network, and innovative R&D technologies to provide consumers with differentiated, unique and competitive products that are safe, healthy, hygienic, convenient and affordable.

III. The External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

1. After Taiwan joined the WTO, opening meat import in all-round way took its toll in 2005. Commodity trading crossed the barriers of the international regions, turning the world into single markets and inevitably resulting in more intense competition. The Group has been actively engaged in integration and utilization of intensive brand marketing, channel deep-plowing, strengthening marketing, global procurement network platform and innovative R&D resource, which have shown significant benefits in terms of lowering raw materials costs, enhancing product quality and added value, and after-sales services.
2. In recent years, food safety incidents such as plasticizers, lean meat powder, poisonous starch, poisonous soy sauce, mixed oil in edible oil, and feed oil falsely claimed to be edible oil have taken place one after another in Taiwan. Food safety becomes a serious issue across the world. In order to ensure our products meet the food safety requirements, and to provide consumers with safe, healthy, convenient, affordable, and high-quality meats, the Company has been practiced CAS, TGAP, ISO22000, HACCP, and other systems. In addition, we adopt the most rigorous quality control and completed traceability throughout the process from material supply chain management, processing, warehousing to delivering.
3. Recalling 2023, after the epidemic, people shifted their consumption focus to related services such as catering, tourism, leisure and entertainment. As the catering market is facing an optimistic recovery, related industries have increased their efforts to stock up on basic ingredients and beverages. In addition, the scale of food exhibitions and wedding and funeral celebrations continues to expand, as well as the return of international tourists to Taiwan, which will help boost the shipment momentum of various types of food and souvenirs. On the other hand, in response to consumers' changing dietary habits, food companies are actively stimulating end consumption by adjusting raw material formulas; strengthening co-branding strategic cooperation or innovating packaging and flavors; and developing health-oriented products to seize safe eating business opportunities. However, In an inflationary environment, people's purchasing power for non-essential food is suppressed, and the normalization of the epidemic has reduced the purchase of long-lasting dry food. Therefore, it is estimated that the sales value of the food industry will show a slowdown in growth in 2023.

Envisioning 2024, our country's food industry is booming, as the proportion of nuclear family and dual-income families increases, restaurant and hotel spending is expected to increase in total household consumption expenditure, in addition, the government is actively seeking international tourists, targeting high-end customer groups and large tour groups, the tourism market is expected to recover steadily, creating an optimistic business environment for the food industry.

Company Profile

I. Date of Incorporation : August 22, 1977

II. Company History

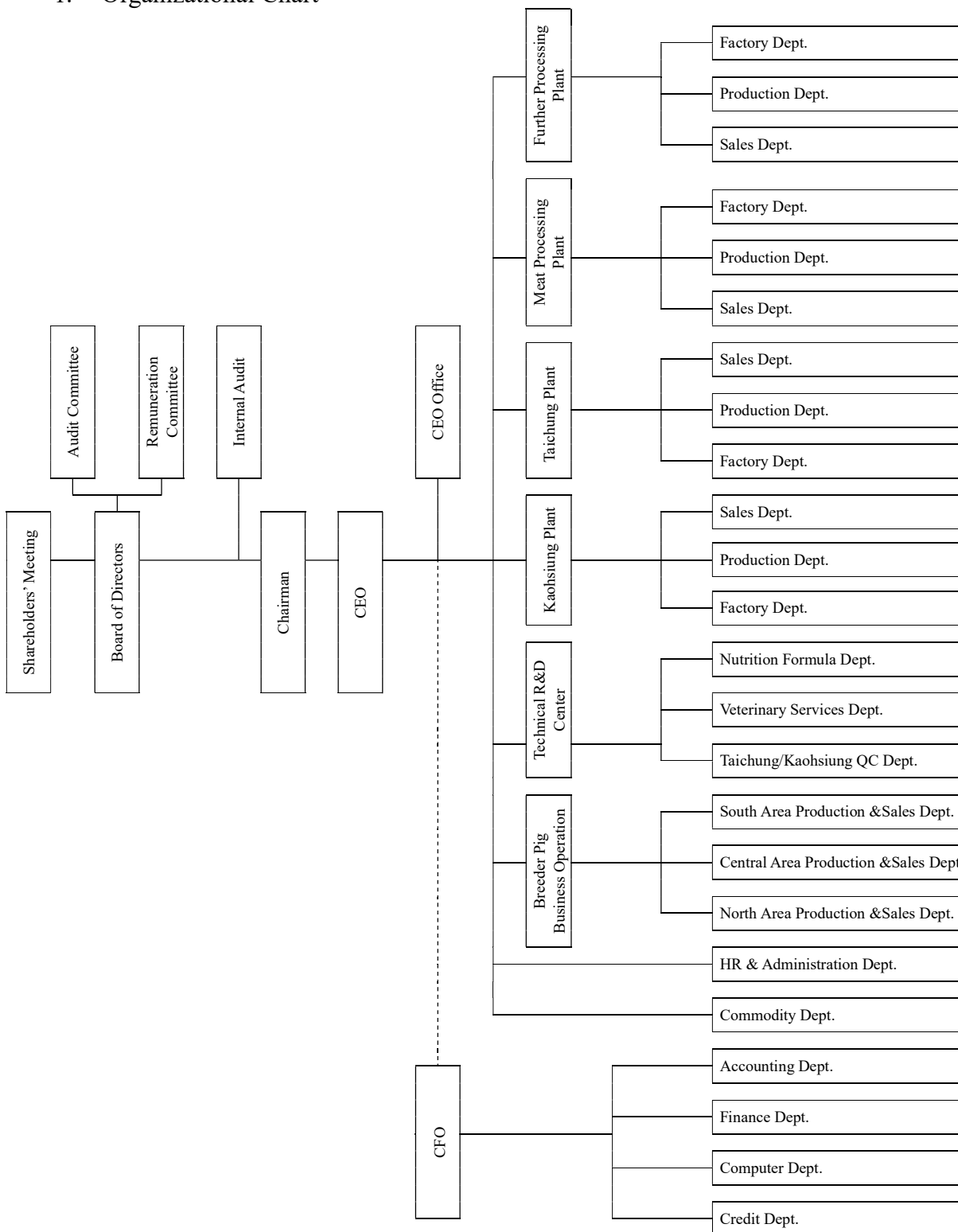
- 1977 : The Charoen Pokphand Group, encouraged by the R.O.C. Government's investment project for overseas Chinese, decided to invest the animal husbandry and feed business in Taiwan. In August, the company was incorporated as Charoen Pokphand Feedmill Co., Ltd. and founded headquarter in Taipei. Also, the Company started the construction of the first feedmill in Yongan Industrial Park, Kaohsiung. The excellent pellet feed which C.P. Taiwan introduced made the Taiwan's feed industry into a new era.
- 1984 : The Company set up Taichung Plant in Kwanlien Industrial Park, Taichung, and started operation in October.
- 1987 : The Company became a stock listed company in July.
- 1988 : The Meat Processing Plant was established in Nantou, and the Company was therefore renamed as Charoen Pokphand Enterprise (Taiwan) Co., Ltd.
- 1989 : The investment of Hong Kong Plenty Type Ltd. moves the Company step on international, multilateral and integral objective.
- 1990 : The Meat Further Processing Plant started to produce various meat products, such as sausage, ham, hot-dog, chicken nugget, etc.
- 1992 : The Company indirectly invested in China Lianyungang Chia Tai Agro-industry Development Co., Ltd.
- 1993 : The Company engaged in western franchise restaurant with the investment of Taiwan Sizzler Co., Ltd.
- 1998 : The Company joint-ventured with C.P. Thailand for the biotechnological breeder center, computerized automatic control in feedmill, modern meat & food processing plant, and marketing channels set up in Alabama State of the United States.
In the same year, the Company invested Arbor Acres (Taiwan) Co., Ltd. and Charoen Pokphand (Taiwan) Co., Ltd. in order to establish vertically integrated business model.
- 1999 : In June, Nantou Meat Processing Plant got official verification accredited by SGS, and was further accredited ISO9001 Meat processing Plant by UKAS, the first of its like ever issued in Asia, also the first successful integrated production, QC and R&D among Taiwan's meat processing plants.
- 2000 : Taichung Feedmill and Kaohsiung Feedmill were accredited ISO9001 in January and March respectively, as Taiwan's first feedmill for such honors.
- 2002 : Nantou Meat Processing Plant was accredited Dutch RvA-HACCP in April.
- 2007 : Nantou Meat Processing Plant was accredited ISO22000 in February and TAF-Taiwan Good Agricultural Practice (TGAP) in November.
- 2011 : In response to the trend of consumers' future diet, the Company invested in Asia's most advanced frozen microwave fresh food processing plant in Nantou and constructed a plant-based feedmill in line with ISO22000, HACCP, and meat safety standards of EU, the United States, and Japan to supply livestock with feed that is purer, healthier, and from non-pharmaceutical and non-animal raw material sources.
- 2016 : In order to launch laying hen business, the Company joint-ventured with other companies to establish Rui Mu Foods Co., Ltd. and Rui Fu Foods Co., Ltd.
- 2017 : The Company acquired 53,319 square meters of land in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The first phase of the plant construction is to build the world's most advanced AI automated non-pharmaceutical feedmill in line with international environmental protection standards, and to solve the feed cross-contamination and food safety issues.
- 2019 : In order to expand the egg market and distribution business model, the Company's subsidiary, Rui Fu Foods Co. Ltd., joint-ventured with other companies to establish Sheng Da Foods Co., Ltd.
- 2020 : In order to satisfy the demand of chicken slaughtering capacity, the Company joint-ventured with other company to establish Feng Sheng Livestock Co., Ltd.

Merger and acquisition activities, strategic investments in affiliates, corporate reorganization, transferring or otherwise changing hands of a major quantity of shares belonging to directors or shareholders with 10% or more shareholding of the Company, any change in managerial control, any material change in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity for the most recent year and as of the date of publication of the Annual Report: None.

Corporate Governance Report

I. Organization

1. Organizational Chart



2. Major Corporate Functions

- (1) Chairman : Legal representative of the Company, in charge of convening and hosting the Board of Directors, and monitoring the execution of the resolution by the Board.
- (2) CEO : Planning operation strategies and goals for the Company, and executing, tracking, monitoring the resolutions of the Board of Directors.
- (3) Internal Audit : Investigate and evaluate this Company's internal control system and audit various management systems of all the departments and sections in this company.
- (4) CEO Office : System planning, establishing, and modifying. Operation analyzing, and special project improving and tracking.
- (5) Credit Department : In charge of investing clients' credibility, credit granting, and urge the payment of accounts receivable.
- (6) Computer Department : In charge of this company's data processing, program developing, and maintenance.
- (7) Finance Department : In charge of financing, banking limit control, establishing relations with banks, insurance matters, and stock affairs.
- (8) Accounting Department : In charge of accounts calculating and processing, management analyzing, budget planning.
- (9) Human Resource & Administration Department : In charge of personnel managing, general affairs and documents managing, and educational trainings.
- (10) Technical R&D Center : In charge of developing and designing of new feed products, after-services, client livestock and poultry disease diagnosing, and breeding management guiding.
- (11) Commodity Department : In charge of purchasing raw materials of feed and micromaterials and sales of import and export trade.
- (12) Purchasing Department : In charge of purchasing fresh meat, raw material, facilities and machines.
- (13) Production Department : In charge of planning and executing the production of feed, meat products, processed meat products, prepared frozen food, breeder pig and swine; management and quality control of raw materials and products, storing and maintenance of factory buildings, facilities, and machines, executing and monitoring new construction works and construction improvement.
- (14) Sales Department : In charge of sale of feed, fresh meat, processed meat products, breeder pig and swine, accounts collection, search for new market, and clients' consultation.
- (15) Factory Department : In charge of factory's personnel matters, general affairs, and financing management.

II. Information Regarding Directors and Management Team

1. Directors

Apr. 27, 2024

Title	Nationality/ Place of registration	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and/or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Re- marks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	Thailand	Charoen Pokphand Foods Public Company Limited	-	2023. 06. 15.	2026. 06. 14.	2023. 06. 15.	54,193,826			18.38	83,676,832	28.39	
	R.O.C.	Representative : Wu Yeh Cheng	Male 88				7,021,320	2.38	7,021,320	2.38	112,138	0.04	0	0						
Director	Thailand	Charoen Pokphand Foods Public Company Limited	-	2023. 06. 15.	2026. 06. 14.	2023. 06. 15.	54,193,826	18.38	83,676,832	28.39	0	0.00	31,296,305	10.62	Vice Chairman of CP Group (Thailand)	None	-	-	-	-
	Thailand	Representative : Prasert Poongkumarn	Male 88				0	0.00	0	0.00	0	0.00	0	0						
Director	Thailand	Charoen Pokphand Foods Public Company Limited	-	2023. 06. 15.	2026. 06. 14.	2023. 06. 15.	54,193,826	18.38	83,676,832	28.39	0	0.00	31,296,305	10.62	Senior Vice President of Chia Tai Group	Chairman: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Corp. Ltd.; Director: Plenty Type Limited (Cayman Islands)	-	-	-	-
	R.O.C.	Representative : Chu Hsiung Lin	Male 84				1,841,823	0.62	1,521,823	0.52	0	0.00	0	0						
Director	Thailand	Charoen Pokphand Foods Public Company Limited	-	2023. 06. 15.	2026. 06. 14.	2023. 06. 15.	54,193,826	18.38	83,676,832	28.39	0	0.00	31,296,305	10.62	Vice Chairman of Chia Tai (China) Agro-Industry	CPE's CEO; Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Co., Ltd.	-	-	-	-
	Thailand	Representative : Thong Chotirat	Male 73				206,290	0.07	209,290	0.07	0	0.00	0	0						
Director	Thailand	Charoen Pokphand Foods Public Company Limited	-	2023. 06. 15.	2026. 06. 14.	2023. 06. 15.	54,193,826	18.38	83,676,832	28.39	0	0.00	31,296,305	10.62	CFO of Chia Tai Group (China Area)	CPE's CFO/CGO; Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd., Sheng Da Foods Co., Ltd., Perfect Companion (Taiwan) Co., Ltd.; Supervisor: Charoen Pokphand (Taiwan) Corp. Ltd., Feng Sheng Livestock Co., Ltd.; Chairman: Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
	Thailand	Representative : Monchai Leelaharat	Male 62				0	0.00	0	0.00	0	0.00	0	0						

Note 1 : CPE has established Audit Committee composed of all independent directors to takes over the duties of Supervisors on June 17, 2015.

Note 2 : Current Shareholding is shares recorded in the shareholders' roster on Record date of 2024 Annual General Shareholders' Meeting.

Title	Nationality/ Place of registration	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and/or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Re- mark s
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Yen Sung Li	Male 73	2023. 06. 15.	2026. 06. 14.	2015. 06. 17.	0	0.00	0	0.00	0	0.00	0	0	Master of Accounting Dept., Soochow University	Member of CPE's Remuneration Committee; Independent Director: CHICONY/SNC/ FamilyMart	-	-	-	-
Independent Director	R.O.C.	Tsu M. Ongg	Male 76	2023. 06. 15.	2026. 06. 14.	2018. 06. 13.	0	0.00	0	0.00	0	0.00	0	0	Master of Illinois Institute of Technology, USA	Member of CPE's Remuneration Committee, Head of Habitech Architects, Director: Career, Supervisor: Fubon Real Estate Management	-	-	-	-
Independent Director	R.O.C.	Jin-Shong Yang	Male 68	2023. 06. 15.	2026. 06. 14.	2022. 06. 23.	0	0.00	0	0.00	0	0.00	0	0	Master, East Texas State University, USA	Member of CPE's Remuneration Committee.	-	-	-	-

Note 1 : CPE has established Audit Committee composed of all independent directors to takes over the duties of Supervisors on June 17, 2015.

Note 2 : Current Shareholding is shares recorded in the shareholders' roster on Record date of 2024 Annual General Shareholders' Meeting.

Major shareholders of the institutional shareholders

March. 13, 2024

Name of Institutional Shareholders	Major Shareholders
Charoen Pokphand Foods Public Company Limited	(1) Charoen Pokphand Group Co., Ltd. (25.61%) (2) UBS AG London Branch (9.15%) (3) Charoen Pokphand Holding Co., Ltd. (8.84%) (4) Thai NVDR Company Limited (7.12%) (5) UBS AG Hong Kong Branch (2.94%) (6) Social Security Office (2.86%) (7) Bangkok Produce Merchandising Plc. (2.72%) (8) South East Asia UK (Type C) Nominees Limited (2.12%) (9) Charoen Pokphand Foods Plc. (2.03%) (10) State Street Europe Limited. (1.88%)

Major shareholders of the Company's major institutional shareholders

March. 13, 2024

Name of Institutional Shareholders	Major Shareholders
(1)Charoen Pokphand Group Co., Ltd.	(1) Charoen Pokphand SJ Holdings Co., Ltd. (12.96%) (2) Mrs. Somurai Jaruphnit (8.42%) (3) Mr. Dhanin Chearavanont (6.48%) (4) C.P. Holding (Thailand) Co., Ltd. (4.55%) (5) Mr. Phongthep Chiaravanont (4.26%) (6) Mr. Manas Chiaravanond (4.22%) (7) Mrs. Somsri Lumsam (4.21%) (8) Mrs. Nuchanart Chiaravanond, Miss Nalinee Chiaravanont, Mr. Nakul Chiaravanont, Mr. Nopadol Chiaravanont (3.00% each)
(2)UBS AG London Branch	Unable to provide due to local practical restrictions.
(3) Charoen Pokphand Holding Co., Ltd.	Charoen Pokphand Group Co., Ltd. (99.9999%)
(4) Thai NVDR Company Limited	The Stock Exchange of Thailand (99.9999%)
(5)UBS AG Hong Kong Branch	Unable to provide due to local practical restrictions
(6)Social Security Office	Government agency, not applicable
(7)Bangkok Produce Merchandising Plc.	Charoen Pokphand Foods Plc. (99.94%)
(8)South East Asia UK (Type C) Nominees Limited	Unable to provide due to local practical restrictions.
(9)Charoen Pokphand Foods Plc.	Treasury stock
(10) State Street Europe Limited.	Unable to provide due to local practical restrictions.

Directors' professional qualifications and Independent directors' independence information disclosure

Criteria Title /Name	Professional qualifications and experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Wu Yeh Cheng	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, an international perspective, etc. 2. Experience of Agricultural, hatchery and food industry, Senior Executive Vice President of Chia Tai Group. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	Not applicable for non-independent Director.	0
Director Prasert Poongkumarn	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, an international perspective, etc. 2. Experience of Agricultural, hatchery and food industry, Vice Chairman of CP Group (Thailand). 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	Not applicable for non-independent Director.	0
Director Chu Hsiung Lin	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, accounting, finance and internal audit, etc. 2. Experience of Agricultural, hatchery and food industry, Senior Vice President of Chia Tai Group. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	Not applicable for non-independent Director.	0
Director Thong Chotirat	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, knowledge of the industry, business development, lead and make policy decisions, an international perspective, etc. 2. Experience of Agricultural, hatchery and food industry, Vice Chairman of Chia Tai (China). 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	Not applicable for non-independent Director.	0
Director Monchai Leelaharat	<ol style="list-style-type: none"> 1. Possess professional abilities of commerce, law, finance, accounting and management administration that necessary for the business of the Company. 2. Experience of Agricultural, hatchery and food industry, CFO of Chia Tai Group (China Area). 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	Not applicable for non-independent Director.	0

Criteria Title /Name	Professional qualifications and experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Yen Sung Li	<ol style="list-style-type: none"> 1. Possess professional abilities of finance and accounting, knowledge of the industry, lead and make policy decisions, supervise and audit, etc. 2. Certified Public Accountant, Vice Chairman of PwC, Taiwan, Chairman of Taipei CPA Association, Director of Accounting Research and Development Foundation. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	3
Independent Director Tsu M. Ongg	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, building and construction, lead and make policy decisions, supervise and audit, etc. 2. Certificate of Architect, Chairman of Hoy Engineering Consultants, Ltd., Director of Chungwa Chemical Synthesis & Biotech Co. Ltd. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	0
Independent Director Jin-Shong Yang	<ol style="list-style-type: none"> 1. Possess professional abilities of Finance and Banking, Law Compliance, lead and make policy decisions, management administration, building and construction, lead and make policy decisions, an international perspective, etc. 2. Chief Compliance Officer and Vice President of the Export-Import Bank of the Republic of China. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	0

Note: Please refer to the No. 5~8, paragraph 1, Article 3 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”

The diversity and independence of the Board of Directors

- (1) The diversity of the board of directors: The Company has developed a diversified policy for composition of the Board members in Article 20 of its “Corporate Governance Best-Practice Principles”. The nomination and election of the member of the Board is accordance with the Articles of Incorporation of the Company and related regulations. The election of directors is adopted by candidate nomination system, after evaluating the qualifications by the dedicated department, it will be proposed to the Board for reviewing and be listed as candidates, and then to be submitted to the shareholders’ meeting for election.

The Board of Directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- A. Basic requirements and values: Gender, age, nationality, and culture, etc.
- B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct management administration.
- D. Ability to conduct crisis management.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Ability to lead.
- H. Ability to make policy decisions.

The Company pays attention to the diversity for composition of the Board members and sets the target to maintain the current diversified status that are the percentage of Thailand directors is above 30% and at least one director who has accounting or financial expertise. We will also continue to implement the diversified policy for composition of the Board members based on the develop requirements in the future.

The Company has 8 directors. The percentage of Thailand directors is about 38% while the percentage of Taiwan directors is about 62%. The Board members all have decades work experience and are with diversified expertise such as operational management, the knowledge of the industry, lead and decisions making, finance, accounting, and architecture can effectively perform its monitoring and managing functions. The directors’ nationality, primary experience (education), professional qualifications and experience please refer to page 10-14 of the Annual Report.

- (2) The independence of the Board of Directors:

The Company has 8 directors, including 3 independent directors, accounted for about 38%. Among them, Mr. Yen Sung Li has excellent accounting professional background and rich practical experience, and is familiar with relevant laws and regulations, can provide accurate advice to the company, so Mr. Yen Sung Li has served for more than three consecutive terms. Every director and independent director not having been a person of any conditions defined in the paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act. Please refer to page 10 “Directors” that all directors not having a marital relationship, or a relative within the second degrees of kinship to any other director of the Company.

2. Management Team

Apr. 27, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in other companies currently	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Thailand	Thong Chotirat	Male	2006.06.20	209,290	0.07	0	0.00	0	0.00	Vice Chairman of Chia Tai (China) Agro-Industry	Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Corp. Ltd.	-	-	-	-
CEO Office Senior Vice President	R.O.C.	Chih Cheng Liu	Male	2005.06.01	0	0.00	0	0.00	0	0.00	Master of Industrial Management Dept. NTUST	Chairman: Sheng Da Foods Co., Ltd., Director: Feng Sheng Livestock Co., Ltd.	-	-	-	-
Taichung Plant Senior Vice President	R.O.C.	Yen Chun Liu	Male	2006.11.27	0	0.00	0	0.00	0	0.00	Master of Food Science and Biotechnology Dept., NCHU	Chairman: Rui Mu Foods Co., Ltd.	-	-	-	-
Meat/Further Processing Plant Senior Vice President	R.O.C.	Wei Yueh Chang	Male	2009.02.01	5,009	0.00	0	0.00	0	0.00	Bachelor of Economics Dept. Tunghai University	Supervisor: Rui Fu Foods Co., Ltd.	-	-	-	-
Breeder Pig Business Operation Senior Vice President	Canada	Ning Wang	Male	2008.07.01	0	0.00	231	0.00	0	0.00	Ph.D. of Catholic University of Leuven, Belgium	None	-	-	-	-
Kaohsiung Plant Vice President	R.O.C.	Yu Ching Chen	Male	2007.03.21	0	0.00	0	0.00	0	0.00	Bachelor of Chemical and Materials Engineering Dept., NCUT	None	-	-	-	-
Technical R&D Dept. Senior Vice President	R.O.C.	Chao Jen Chen	Male	2010.09.01	0	0.00	16,500	0.01	0	0.00	Ph.D. of Animal Nutrition Dept., NCHU	Chairman: Rui Fu Foods Co., Ltd. Supervisor: Rui Mu Foods Co., Ltd., Sheng Da Foods Co., Ltd.	-	-	-	-
Food R&D Senior Vice President	R.O.C.	Chun Lung Hsiao	Male	2015.04.01	0	0.00	0	0.00	0	0.00	Master of Animal Science Dept., NCHU	None	-	-	-	-
CFO/CGO	Thailand	Monchai Leelaharat	Male	2014.10.01	0	0.00	0	0.00	0	0.00	MBA of Kasetsart University	Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd., Sheng Da Foods Co., Ltd., Perfect Companion (Taiwan) Co., Ltd.; Supervisor: Charoen Pokphand (Taiwan) Corp. Ltd., Feng Sheng Livestock Co., Ltd. Chairman: Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
Accounting Dept. Vice President	R.O.C.	Su Hua Lee	Female	2021.01.22	0	0.00	0	0.00	0	0.00	Master of Accounting Dept., Soochow University	None	-	-	-	-

Note : Shareholding is shares recorded in the shareholders' roster on Record date of 2024 Annual General Shareholders' Meeting.

III. Remuneration paid to Directors and Management Team for the Most Recent Year

1. Remuneration paid to Directors and Management Team for the most recent year

(1) Remuneration of Directors and Independent Directors

Dec. 31, 2023
Unit : NT \$ 10,000

Title	Name	Remuneration								Sum of total remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of total remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company.	
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)		The Company	Companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)				The Company	Companies in the consolidated financial statements		
		The company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements			The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock				
Director	Chairman	Charoen Pokphand Foods Public Company Limited. Representative : Wu Yeh Cheng	1,387	1,670	0	0	0	0	6	6	1,393 0.61%	1,676 0.74%	0	0	0	0	0	0	0	0	1,393 0.61%	1,676 0.74%	None
	Director	Charoen Pokphand Foods Public Company Limited. Representative: Prasert Poongkumarn	1,980	1,980	0	0	0	0	6	6	1,986 0.88%	1,986 0.88%	0	0	0	0	0	0	0	0	1,986 0.88%	1,986 0.88%	None
	Director	Charoen Pokphand Foods Public Company Limited. Representative : Chu Hsiung Lin	60	60	0	0	0	0	6	6	66 0.03%	66 0.03%	574	654	0	0	0	0	0	0	640 0.28%	720 0.32%	None
	Director	Charoen Pokphand Foods Public Company Limited. Representative: Thong Chotirat	60	60	0	0	0	0	6	6	66 0.03%	66 0.03%	6,620	6,620	0	0	0	0	0	0	6,686 2.95%	6,686 2.95%	None
	Director	Charoen Pokphand Foods Public Company Limited. Representative : Monchai Leelaharat	60	60	0	0	0	0	6	6	66 0.03%	66 0.03%	1,836	1,836	0	0	0	0	0	0	1,902 0.84%	1,902 0.84%	None

Title	Name	Remuneration									Sum of total remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of total remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company.			
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)			The Company	Companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)				The Company	Companies in the consolidated financial statements				
		The company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company			Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company				Companies in the consolidated financial statements		
Independent Director	Yen Sung Li	60	60	0	0	0	0	18	18	78	78	0.03%	0.03%	0	0	0	0	0	0	0	0	78	78	0.03%	0.03%	None
	Tsu M. Ongg	60	60	0	0	0	0	12	12	72	72	0.03%	0.03%	0	0	0	0	0	0	0	0	72	72	0.03%	0.03%	None
	Jin-Shong Yang	60	60	0	0	0	0	12	12	72	72	0.03%	0.03%	0	0	0	0	0	0	0	0	72	72	0.03%	0.03%	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration for Independent Directors is taking the Company's operation performance and typical pay levels of peer companies for reference and then submitted the proposal to the Board of Directors for resolution.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Sum of Total Remuneration (A+B+C+D)		Sum of Total Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Jin Shong Yang, Tsu M. Ongg,	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Jin Shong Yang, Tsu M. Ongg,	Yen Sung Li, Jin Shong Yang, Tsu M. Ongg,	Yen Sung Li, Jin Shong Yang, Tsu M. Ongg,
NT\$1,000,000 ~ NT\$1,999,999	-	-	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$35,000,000 ~ NT\$4,999,999	-	-	-	-
NT\$5,000,000 ~ NT\$9,999,999	-	-	Chu Hsiung Lin	Chu Hsiung Lin
NT\$10,000,000 ~ NT\$14,999,999	Wu Yeh Cheng	-	Wu Yeh Cheng,	-
NT\$15,000,000 ~ NT\$29,999,999	Prasert Poongkumarn	Wu Yeh Cheng, Prasert Poongkumarn	Prasert Poongkumarn Monchai Leelaharat	Prasert Poongkumarn Wu Yeh Cheng, Monchai Leelaharat
NT\$30,000,000~ NT\$49,999,999	-	-	-	-
NT\$50,000,000~ NT\$99,999,999	-	-	Thong Chotirat	Thong Chotirat
NT\$100,000,000 or over	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

Remuneration of Management Team

(Individual disclosure of the compensation of the top five highest-paid executives)

Dec. 31, 2023

Unit : NT\$ 10,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 2)				Sum of total compensation (A+B+C+D) and Ratio to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Thong Chotirat	600	600	0	0	6,020	6,020	0	0	0	0	6,620 2.91%	6,620 2.91%	None
CFO/CGO	Monchai Leelaharat	685	685	0	0	1,151	1,151	0	0	0	0	1,836 0.81%	1,836 0.81%	None
Breeder Pig Business Operation Senior Vice President	Ning Wang	224	224	14	14	1,132	1,132	3	0	3	0	1,373 0.60%	1,373 0.60%	None
CEO Office Senior Vice President	Chih Cheng Liu	738	738	44	44	372	372	3	0	3	0	1,157 0.51%	1,157 0.51%	None
Taichung Plant Senior Vice President	Yen Chun Liu	263	263	16	16	729	729	3	0	3	0	1,011 0.45%	1,011 0.45%	None
Senior Executive Vice President	Chu Hsiung Lin	1,862	1,931	82	82	1,687	1,697	15	0	15	0	3,646 1.61%	3,725 1.64%	None
Meat/Further Processing Plant Senior Vice President	Wei Yueh Chang													
Technical R&D Dept. Senior Vice President	Chao Jen Chen													
Kaohsiung Plant Vice President	Yu Ching Chen													
Food R&D Senior Vice President	Chun Lung Hsiao													
Accounting Dept. Vice President	Su Hua Lee													

Note 1 : Severance Pay actually paid in 2023 was NT\$ 0. The expenditure reserved to Severance Pay was NT\$ 1.56 million.

Note 2 : Amounts stated above were managers' compensation approved by the Board of Directors in 2023.

Range of Remuneration

Range of Remuneration	Name of Management	
	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	Su Hua Lee, Chun Lung Hsiao	Su Hua Lee, Chun Lung Hsiao
NT\$5,000,000 ~ NT\$9,999,999	Chao Jen Chen, Chu Hsiung Lin, Yu Ching Chen, Wei Yueh Chang, Yen Chun Liu	Chao Jen Chen, Chu Hsiung Lin, Chun Lung Hsiao, Yu Ching Chen, Wei Yueh Chang,
NT\$10,000,000 ~ NT\$14,999,999	Chih Cheng Liu, Ning Wang	Chih Cheng Liu, Ning Wang
NT\$15,000,000 ~ NT\$29,999,999	Monchai Leelaharat	Monchai Leelaharat
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	Thong Chotirat	Thong Chotirat
NT\$100,000,000 or over	-	-
Total	11 persons	11 persons

Distribution of Employee Compensation to the management

Dec. 31, 2023
Unit : NT\$ 10,000

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	SVP	Chih Cheng Liu	0	24	24	0.01%
	SVP	Wei Yueh Chang				
	SVP	Yen Chun Liu				
	SVP	Ning Wang				
	SVP	Yu Ching Chen				
	SVP	Chao Jen Chen				
	SVP	Chun Lung Hsiao				
	SVP	Su Hua Lee				

Note : Amounts stated above were Compensation approved by the Board of Directors in 2023.

2. Analysis of Remuneration for Directors and Management Team in the Most Recent Two Fiscal Years.

- (1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors and management team of the Company, to the net income of the parent company only financial statements:

2023	2022
8.73%	12.58%

- (2) The payment principles of remuneration for directors and management team is accordance with the Company's Articles of Incorporation as follows: Article 31 "The remuneration for the chairman and directors is according to the individual merit for the degree of participation and contribution in the operation of the Company, in view of the standards of international and local industry, the Board of Directors is authorized to determine the aforesaid remuneration. In case that a shareholder or a director acts as a managerial officer or staff/employee of the Company, he/she shall be

deemed as a general staff/employee and be paid for the salary.” and Article 29-1 ”When the Company has profit of the current year, at least 1% or more shall be distributed as employees’ bonuses. In case that the Company has accumulative losses, a sufficient amount shall be reserved to offset its accumulative losses in advance.” The remuneration for directors and management team is highly related to the Company’s operating results and performance which is determined by performance indicators (the Company’s operating results is according to financial indicators (such as the achievement rates of operating revenue, profits before income tax, and profits after the income tax) and non-financial indicators (such as performance regarding the compliance of laws and regulations of belonging departments and major deficiencies in operational risk issues). The remuneration for Independent directors is determined by taking the typical pay levels of markets for reference.

IV. Implementation of Corporate Governance

1. Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in the previous year (2023). The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Charoen Pokphand Foods Public Company Limited. Representative : Wu Yeh Cheng	4	0	100%	Newly-elected on June 15, 2023
Director	Charoen Pokphand Foods Public Company Limited. Representative : Prasert Poongkumarn	3	0	75%	Newly-elected on June 15, 2023
Director	Charoen Pokphand Foods Public Company Limited. Representative : Chu Hsiung Lin	4	0	100%	Newly-elected on June 15, 2023
Director	Charoen Pokphand Foods Public Company Limited. Representative : Thong Chotirat	4	0	100%	Newly-elected on June 15, 2023
Director	Charoen Pokphand Foods Public Company Limited. Representative : Monchai Leelaharat	4	0	100%	Newly-elected on June 15, 2023
Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Wu Yeh Cheng	4	0	100%	Discharged on June 15, 2023
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Prasert Poongkumarn	4	0	100%	Discharged on June 15, 2023
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Chu Hsiung Lin	4	0	100%	Discharged on June 15, 2023
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Thong Chotirat	4	0	100%	Discharged on June 15, 2023
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Monchai Leelaharat	4	0	100%	Discharged on June 15, 2023
Independent director	Yen Sung Li	8	0	100%	Re-elected on June 15, 2023
Independent director	Tsu M. Ongg	8	0	100%	Re-elected on June 15, 2023
Independent director	Jin-Shong Yang	8	0	100%	Re-elected on June 15, 2023

Other mentionable items:

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors’ opinions and the Company’s response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act: Please refer to the paragraph of Audit Committee “Operations of the Audit Committee Meeting for Material proposals”.
 - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
- If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified:

Directors' names	Date	Contents of motion	Causes for avoidance	Voting
Wu Yeh Cheng, Prasert Poongkumarn Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat	Feb. 13, 2023	Proposal for remuneration adjustment for Directors and managers and the year-end bonus.	Avoidance of conflict of interest	The interested directors were excluded from deliberations.
Monchai Leelaharat	Aug. 7, 2023	Proposal for 2023 remuneration adjustment for Directors and managers.	Avoidance of conflict of interest	The interested director was excluded from deliberations.

3. Status of Self (or Peer) Evaluation conducted by the Board of Directors : The Company has established “Regulations Governing the Board Performance Evaluation”. Please refer to the following Table for the implementation status of Board Evaluations.

4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the Board in carrying out its various duties.

(1) The Company’s Audit Committee comprises all independent directors and takes over the duties of Supervisors on Jun. 17, 2015.

(2) The Company’s objectives to strengthen the functions of the Board of Directors are as follows:

A. An adequate Board structure: Including planning appropriate Board seats, the chairman shall not concurrently assume the position of CEO.

B. Well-defined Governing Procedure for Directors meeting and decision-making: Including the setup of Rules of Procedure for Board of Directors’ Meetings, compliance with Directors’ conflict of interest, and tracking and assessment of matters resolved by the Board.

C. Strengthening the Board’s tasks: Select and supervise the business management and effectiveness of internal control, review and monitor company management decisions, financial objectives, and business plans, plan the Company’s future development directions and conduct business in accordance with the regulations and the Board resolutions.

(3) Implementation: The actual operations of the Board of Directors are to achieve the abovementioned objectives.

5. The attendance rate of the independent directors to attend Board Meetings in Person is 100%.

Table The implementation status of Board Evaluations.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	From Jan. 1, 2023 to Dec. 31, 2023	the Board of Directors	Internal self-evaluation of the Board of Directors	A. Participation in the operation of the company; B. Improvement of the quality of the board of directors' decision making; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control.
		Individual directors	Self-assessment by directors	A. Alignment of the goals and missions of the company; B. Awareness of the duties of a director; C. Participation in the operation of the company; D. Management of internal relationship and communication; E. The director's professionalism and continuing education; and F. Internal control.
		Functional committees	Internal self-evaluation	A. Participation in the operation of the company; B. Awareness of the duties of the functional committee; C. Improvement of quality of decisions made by the functional committee; D. Makeup of the functional committee and election of its members and E. Internal control.

2. Audit Committee

The Audit Committee is composed of three independent directors. The Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control of the Company, and its responsibilities are as follows:

- (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Matters in which a director is an interested party.
- (5) Asset transactions or derivatives trading of a material nature.
- (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
- (7) The offering, issuance, or private placement of equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or their compensation.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Other material matters as may be required by this Corporation or by the competent authority.

A total of 6 (A) Audit Committee meetings were held in the previous year (2023). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Yen Sung Li	6	0	100%	Re-elected on June 15, 2023
Independent director	Tsu M. Ongg	6	0	100%	Re-elected on June 15, 2023
Independent director	Jin Shong Yang	6	0	100%	Re-elected on June 15, 2023
Other mentionable items: 1. Matters referred to in Articles 14-5 of the Securities and Exchange Act and other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: Please refer to the following table "Operations of the Audit Committee Meeting for Material proposals". 2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None 3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.): The Independent directors regularly reviewed internal audit reports and the Company's financial statements audited by independent auditors. The communication channel between them has been functioning well.					

The main duties of the Audit Committee this year are to review the financial reports, internal control systems and related policies and procedures, and transactions of material assets, hiring of a certified public accountant, etc. Please refer to the following table for the details regarding the operations of the Audit Committee meeting for material proposals.

Table

Operations of the Audit Committee meeting for material proposals

Dates of Audit Committee Meeting	Proposals and Resolution	Matters referred to in §14-5 of the Securities and Exchange Act	Not approved by the Audit Committee but approved by two thirds or more of all directors
2023 1st Meeting March.13, 2023	Pre-approval of the provision of non-assurance services by CPAs, their firms and their affiliated companies to the company and its subsidiaries.	V	None
	2022 Annual financial statements (Consolidated and Parent Company Only)	V	None
	2022 Internal Control Statement	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposal was approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2023 2nd Meeting April. 24, 2023	Amendment to the "Corporate Governance Best Practice Principles".	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposals were approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2023 3rd Meeting May. 8, 2023	2023 Q1 Consolidated financial statements.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposals were approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2023 4th Meeting July. 17, 2023	Investment in the stocks of Charoen Pokphand Foods Public Company Limited.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposals were approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2023 5th Meeting Aug. 7, 2023	2023 Q2 Consolidated financial statements.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposals were approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2023 6th Meeting Nov. 6, 2023	2023 Q3 Consolidated financial statements.	V	None
	The hiring of PwC Taiwan and their audit fee.	V	None
	Internal auditing proposal of year 2024.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforesaid proposals were approved by all members of Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		

3. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V	The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and resolved by the BOD meeting on Nov. 1, 2019. The Principles is amended timely in accordance with the amendments of the regulations and the Company’s business practice and resolved by the BOD meeting, and disclosed on the Market Observation Post System and the Company’s website.	Compliant
2. The company’s shareholding structure and shareholders’ rights			
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V	The spokesperson is responsible for such affairs, and the Stock Transfer Agent provides assistance.	No material discrepancy
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V	The Company keeps up for updating the latest list of its major shareholders as well as the ultimate owners of those shares to protect shareholders’ rights.	Compliant
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V	The transactions between the Company and its affiliates all follow the relevant laws and regulations. Every affiliate is an independent entity with clearly defined management rights and responsibilities.	Compliant
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V	The Company has established the internal rules to forbid insider trading and disclosed on the Company’s website.	Compliant
3. Composition and Responsibilities of the Board of Directors			
(1) Does the Board establish a diversity policy, specific management goals, and implement them accordingly?	V	The Company has developed a diversified policy for composition of the Board members in article 20 of its “Corporate Governance Best-Practice Principles”. Please refer to the page 13-15 for the diversity policy, specific management goals and the implementation status.	Compliant

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		
			Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has not yet established other functional committees in addition to the Remuneration Committee and the Audit Committee. In the future, the Company may plan to set up other functional committees depending on actual needs and in accordance with the regulations.	No material discrepancy
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and reference when determining the remuneration of individual directors and nominations for reelection?	V		The Company has established the Regulations Governing the Board Performance Evaluation and resolved by the meeting of the Board on Nov. 1, 2019. The Company will conduct the self-evaluation or peer-evaluation of the Board and individual directors for the previous year on annual base since year 2021. The evaluation results will be reported to the Board of Directors and the results shall be applied as reference for each director’s compensation and reappointment.	Compliant
(4) Does the company regularly evaluate the independence of CPAs? ?	V		The Company has evaluated the independence of CPAs, and resolved by the Board on Mar. 11, 2024. Please refer to the following Table 1 for the Checklist of CPAs’ Independence Analysis and Professional Qualifications.	Compliant
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has appointed the Chief Corporate Governance Officer by the Board of Directors on May 11, 2021, who is responsible for corporate governance matters, including handling of matters relating to Board of Directors meetings and shareholders meetings in compliance with law; preparation of minutes of the Board of Directors meetings and shareholders meetings; assistance in onboarding and continuing education of the directors; provision of information required for performance of duties by the directors; assistance in the directors’ compliance of law; and other matters described or established in the articles of incorporation or under contract. Please refer to the following Table 2 for the Chief Corporate Governance Officer’s training records in 2023.	Compliant

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V	The respective dedicated departments are responsible for communication and coordination with stakeholders (including transacting banks, creditors, employees, clients, consumers, and suppliers). The Stakeholder Area has been created on the Company’s website to appropriately respond to all the issues the stakeholders care for.	Compliant
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V	The Company designates the Transfer Agency Department of CTBC Bank to deal with shareholder affairs.	Compliant
7. Information Disclosure			
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V	The Company has set up a website to disclose the Company’s financials, business and relevant information regularly.	Compliant
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V	The Company has assigned dedicated departments to handle the collection and disclosure of information, and implemented a spokesperson system.	No material discrepancy
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V	The Company follows “List of Matters Required to Be Handled by Issuers of Listed Securities” to announce and report the financial statements as well as the operating status of each month.	No material discrepancy

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V	<p>1. Employee rights related systems and measures:</p> <p>(1) Establish the Staff Welfare Committee</p> <p>(2) Set up guidelines for sexual harassment prevention</p> <p>(3) Set up a complaint mail box.</p> <p>2. The company’s Directors, attending seminars regularly, has shown sound training status. The Directors’ training records in 2023 are as shown in the following Table 3.</p> <p>3. The Company has purchased “Directors and Officers Liability Insurance” for its directors and managers since March 31, 2009 to reduce and spread the risk of major damage cause by errors or negligence.</p> <p>4. The Company has set up the guidelines for staff retirement and provided welfare measures to maintain harmonious labor relations. Also, we pay attention to consumer rights, community environmental protection, and welfare issues, and focus on social responsibility that purchasing Public accident liability insurance and product liability insurance to strengthen protection for third parties.</p> <p>5. The corporate governance situation has been disclosed in the “Corporate Governance” section of the Market Observation Post System (https://mops.twse.com.tw).</p>	No material discrepancy
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>Improvements: The Company’s interim financial statements all have been resolved by the meetings of Audit Committee and the Board of Directors, and the Company has conducted performance evaluation of functional committees regularly.</p> <p>The priority enhancement measures: We will continuously strengthen the disclosure contents in Annual Report and on the Company’s website to enhance information transparency.</p>			

Table 1 Charoen Pokphand Enterprise (Taiwan) Co., Ltd.
CPA and the joint accounting firm CPA belongs
Checklist of Independence Analysis and Professional Qualifications

Evaluation	Yes	No	Notes
Has the CPA not served as a director or an independent director in the Company or its affiliated companies?	V		
Has the CPA not been a shareholder of the Company or its affiliates?	V		
Has the CPA not received salary from the Company or its affiliates?	V		
Has the CPA not been providing the Company with audit services for seven consecutive years?	V		
Has the CPA confirmed that the joint accounting firm CPA belongs has complied with relevant independence related norms?	V		
Has the jointly practicing accountant of the joint accounting firm to which the CPA belongs not served as the Company's director, manager or post having a major influence on audit cases over the past year?	V		
Has the CPA provided the independence declaration	V		
Has conducted evaluation by referring to the AQIs (Audit Quality Indicators) information of the Accounting firm of CPAs?	V		
<p>Conclusion:</p> <p>After the evaluation, the independent auditors, Yi-Fan Lin and Fu-Ming Liao, from PwC, Taiwan have met the standard of independence analysis and professional qualification.</p> <p>Date: Mar. 11, 2024</p>			

Table 2 Chief Corporate Governance Officer's training records in 2023

Name	Course	Sponsoring Organization	Training hours
Monchai Leelaharat	2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6
	2023 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session.	Securities and Futures Institute	3

Table 3

Directors' training records in 2023

Name	Course	Sponsoring Organization	Training hours
Prasert Poongkumarn	Accelerating Innovation to Achieve Immediate Profitability	C.P. Leadership Institute	1.5
	Building a sustainable packaging business	C.P. Leadership Institute	1.5
	Manpower Management Project in the Digital 5.0 Era	C.P. Leadership Institute	1
	E-Commerce boosts Food Sale	C.P. Leadership Institute	1
	To promote the improvement of breeding performance	C.P. Leadership Institute	1
Wu Yeh Cheng	Seminar for "Opportunities and Challenges of Taiwan's Agricultural Circular Economy"	Organic Agriculture Promotion Center	4
	E.sun Forum 2023: Dialogue on Innovation and Progress in Asia	Taiwan-Asia Exchange Foundation	4
Chu Hsiung Lin	The relations between Taiwan · US · Japan · China and Current Situation of China–United States trade war	Rotary Club of Taipei Tatung	1
	China-U.S. Relations and the security of The coast of Taiwan Strait	Rotary Club of Taipei Tatung	1
	The development of Taiwan's capital market from the global political and economic situation	Rotary Club of Taipei Tatung	1
	2023 Seminar for the prevention of insider trading	Securities and Futures Institute	3
Thong Chotirat	Accelerating Innovation to Achieve Immediate Profitability	C.P. Leadership Institute	1.5
	Building a sustainable packaging business	C.P. Leadership Institute	1.5
	Manpower Management Project in the Digital 5.0 Era	C.P. Leadership Institute	1
	E-Commerce boosts Food Sale	C.P. Leadership Institute	1
	To promote the improvement of breeding performance	C.P. Leadership Institute	1
Monchai Leelaharat	2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6
	2023 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session.	Securities and Futures Institute	3
Yen Sung Li	Accountant money laundering prevention supervision and practice	National Federation of Accountants Societies of the Republic of China	3
	The impact of sustainable development action plans and institutional management measures on the accounting industry	National Federation of Accountants Societies of the Republic of China	3
Tsu M. Ongg	Session on sustainable development action plans for listed companies	Taiwan Stock Exchange Corporation · Taipei Exchange	3
	2023 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session.	Securities and Futures Institute	3
Jin-Shong Yang	2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6

4. Composition, Responsibilities and Operations of the Remuneration Committee

(1) Information regarding Remuneration Committee Members

Apr. 27, 2024

Title	Name	Criteria	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Professional qualifications and experience		
Independent Director	Yen Sung Li	<ol style="list-style-type: none"> 1. Possess professional abilities of finance and accounting, knowledge of the industry, lead and make policy decisions, supervise and audit, etc. 2. Certified Public Accountant, Vice Chairman of PwC, Taiwan, Chairman of Taipei CPA Association, Director of Accounting Research and Development Foundation. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	3
Independent Director	Tsu M. Ongg	<ol style="list-style-type: none"> 1. Possess professional abilities of management administration, building and construction, lead and make policy decisions, supervise and audit, etc. 2. Certificate of Architect, Chairman of Hoy Engineering Consultants, Ltd., Director of Chunghwa Chemical Synthesis & Biotech Co. Ltd. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	0
Independent Director	Jin-Shong Yang	<ol style="list-style-type: none"> 1. Possess professional abilities of Finance and Banking, Law Compliance, lead and make policy decisions, management administration, building and construction, lead and make policy decisions, an international perspective, etc. 2. Chief Compliance Officer and Vice President of the Export-Import Bank of the Republic of China. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company. 2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years. 	0

Note: Please refer to the No. 5~8, paragraph 1, Article 3 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”

(2)The Operations of the Remuneration Committee

- A. There are 3 members in the Remuneration Committee.
- B. The term of current Remuneration Committee lasts from June. 15, 2023 to June. 14, 2026.
A total of 3 (A) Remuneration Committee meetings were held in the previous year (2023). The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Jin-Shong Yang	3	0	100%	Re-elected on June. 15, 2023
Member	Yen Sung Li	3	0	100%	Re-elected on June. 15, 2023
Member	Tsu M. Ongg	3	0	100%	Re-elected on June. 15, 2023

Other mentionable items:

- (1) If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- (2) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- (3) The functions of the Remuneration Committee are to professionally and objectively evaluate the policies and systems for compensation of the Company's directors and manages and to submit recommendations to the Board of Directors for its reference in decision making. The responsibilities are as follows:
 - A. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
 - B. Establishing and periodically reviewing the policies, systems, standards, and structure for the performance and compensation of the Company's directors and managers.
 - C. Periodically assessing the performance and compensation of the Company's directors and managers.

2023 Operations of the Remuneration Committee Meeting

Date	Proposals	Resolutions	Company's actions regarding Remuneration Committee's opinions
4th meeting of Fifth Session Feb. 13, 2023	Proposal for 2023 remuneration for Directors and salary adjustment for managers and 2022 year-end bonus.	Resolved by all members	The interested directors, Wu Yeh Cheng, Prasert Poongkumarn, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat, were excluded from deliberations. It is resolved by the three independent directors.
5th meeting of Fifth Session April. 24, 2023	Distribution of 2022 Employees' Compensation	Resolved by all members	Resolved by all Directors attended.
1st meeting of Sixth Session Aug. 7, 2023	Proposal for 2023 remuneration adjustment for Directors and managers.	Resolved by all members	The interested director, Monchai Leelaharat, were excluded from deliberations. It is resolved by the other seven directors.

5. The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company have a governance structure for sustainable development and dedicated (or ad-hoc) sustainable development organization with Board authorization for senior management, which is reviewed by the Board?	V		The Company officially established the dedicated team in charge of the Sustainable Development Committee, with the CEO serving as the convener, and the top managers of each business and CFO serve as committees. The dedicated team reports to the Board regarding handling situations. The status of preparing ESG report was reported to the Board of Directors on Aug. 7, 2023.	Compliant
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		In order to improve the risk management mechanism, the Company’s ESG working group followed materiality principle to conduct impact assessments targeting to the level of influence of the issues stakeholders’ care about, and examine industry trends and current industry conditions to identify major themes. At the same time, to respond to the six visions of the CPF Way proposed by the CP Group: 1. Benefits for the Country, the people, and the Company 2. Adapt to change 3. Speed & Quality 4. Innovativeness 5. Simplification 6. Integrity, Honesty and Reciprocity ESG working group is composed of six teams including corporate governance, employees care, food safety, customer service, sustainable environment and community participation. Each team continuously communicates and manages internally and externally regarding to their responsible issues, and assess and track the corporate social responsibility related risks and performance by external consultants’ assistance. Please refer to page 19-23, 27 of the 2022 CPE ESG Report for details.	Compliant
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		In order to make the Company’s waste water, waste, noise, chemicals, etc. meet the Government’s environment protection requirements, the “Guidelines for Environmental Safety Management Operations” has been set up to effectively achieve the goals of environmental safety maintenance, energy conservation, and carbon reduction. The company regularly conducts online reporting and management of industrial waste at the Environmental Protection Agency's Industrial Waste Control Center, in order to maintain the environment and comply with legal requirements.	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Is the Company endeavor to utilize the resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>Quality management system: The Nantou Meat Processing Plant was accredited ISO 9001 in 1999. Taichung and Kaohsiung Feedmills were accredited ISO 9001 in 2000. The Nantou Further Processing Plant was accredited ISO 9001 in 2014.</p> <p>Food Safety Management System: The Nantou Meat Processing Plant was accredited HACCP in 2002. The Nantou Meat Processing Plant was accredited ISO 22000 in 2007. The Nantou Further Processing Plant was accredited ISO 22000 in 2014.</p> <p>In order to reduce the impact of operating activities on the environment, the company prepares a budget every year to invest in environmental protection work. In addition to pollution prevention and control expenditures, it also includes investment in process improvement and equipment replacement, so as to implement the group's business philosophy of "benefits for the Country, the People, and the Company."</p> <p>For the waste part, the waste generated in the production process of each production line, such as general business waste, chicken manure, feathers, bones, viscera, sludge, waste frying powder and plastic packaging materials, is all classified and processed, and hired the environmental protection companies to handle the waste, resources will be recycled and reused to reduce the resource and energy consumption of products and services. The company continues to introduce the improvement of energy-saving, energy equipment, and build a solar power generation system to enhance benefits of energy-saving and carbon-reduction.</p>	Compliant
(3) Does the Company evaluate potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		<p>The issue of climate change has been widely discussed in recent years. According to the characteristics of the industry, the Company actively finds feasible countermeasures and responding actions by identifying the risks and opportunities of climate change to lower the impacts resulted from climate change. Please refer to page 73 of the 2022 CPE ESG Report for details.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																										
	Yes	No	Abstract Explanation																											
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The Environmental Team regularly discloses quantitative indicators related to climate every year, including electricity intensity, total electricity consumption, total volume of GHG Emissions of Scope 1 and 2, and GHG Emission intensity. GHG Emission of the 2021 and 2022:</p> <p style="text-align: right;">Unit: tons CO2e</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">CPE GHG Emissions</th> </tr> <tr> <th colspan="2">CO₂, equivalent</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Feedmill</td> <td>Scope 1</td> <td>6,776</td> <td>6,601</td> </tr> <tr> <td>Scope 2</td> <td>14,363</td> <td>15,009</td> </tr> <tr> <td rowspan="2">Meat Processing Plant</td> <td>Scope 1</td> <td>10,857</td> <td>27,670</td> </tr> <tr> <td>Scope 2</td> <td>25,507</td> <td>26,022</td> </tr> <tr> <td colspan="2">Total</td> <td>57,503</td> <td>75,302</td> </tr> </tbody> </table> <p>The Company’s feedmills and meat processing plant are equipped with wastewater treatment equipment, which is handled by special personnel. In recent years, due to the increase in production volume, sewage treatment equipment has been added and waste water management has been strengthened to be compliant with the discharge standards to be incorporated into the sewage treatment plant of industrial zone, and has been effectively controlled to be lower than the discharge standard amount announced by the government.</p> <p>The company is committed to waste reduction management, with the strategy of reducing the total amount of waste and recycling waste as resources, through the process equipment technology (additional purchase of new sewage treatment equipment and introduction of sludge dryer) → water containing rate of food processing sludge declines → green energy recycling (compost, anaerobic biogas power generation → biogas → power generation, biomass fuel → steam → power generation) → reduce waste output, achieve waste reduction → reduce environmental load.</p> <p>Sustainable Energy and Environmental Management please refer to page 75-87 of the 2022 CPE ESG Report for details.</p>	CPE GHG Emissions				CO ₂ , equivalent		2021	2022	Feedmill	Scope 1	6,776	6,601	Scope 2	14,363	15,009	Meat Processing Plant	Scope 1	10,857	27,670	Scope 2	25,507	26,022	Total		57,503	75,302	Compliant
CPE GHG Emissions																														
CO ₂ , equivalent		2021	2022																											
Feedmill	Scope 1	6,776	6,601																											
	Scope 2	14,363	15,009																											
Meat Processing Plant	Scope 1	10,857	27,670																											
	Scope 2	25,507	26,022																											
Total		57,503	75,302																											

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
4. Social Issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The company adheres to the concept of respecting diversity and work human rights, actively promotes diversity and equal opportunities for employees. Through the sound and complete code of employees’ conduct, to regulate that the company shall not have differential treatment or any form of discrimination due to the factors such as personal gender, race, religious belief, party affiliation, sexual orientation, position level, nationality, age, etc., and to be committed to maintaining a healthy and safe working environment with employees, prohibiting any sexual harassment or other acts of violence, threats and intimidation, so as to give employees equal opportunities for assignment and career development. And, in compliance with relevant labor laws and regulations, with respect to internationally recognized basic labor and human rights, and to safeguard the legal rights of employees and the employment policies without discrimination, appropriate management methods and procedures have been set up and implemented.	Compliant
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		The Company has established Work Rules to regulate the matters of salary, vacation, and other benefits, etc. The Company makes annual adjustment of salary based on the business performance and distributes employee compensation. The Remuneration Committee set up the overall remuneration policy according to the market salary level. The company has established an employee welfare committee to allocate employee welfare funds every year for planning and providing various benefits for employees, such as employee birthday gifts, marriage allowances, maternity allowances, funeral allowances, employee child scholarships, etc. In addition, employees are provided the benefits of annual free Health check-ups, monthly doctor-in-plant consultation services. In The company has distributed surplus earnings every year depending on its operating conditions and personal performance, and adjusts salaries and awards based on performance appraisals. The company does not have different applicable standards or procedures for the personnel performance appraisal process due to other factors such as gender and age. Please refer to page 54 of “Compensation of Employees, Directors and Supervisors” and page 65 of “Labor Relations” of this Annual Report for details.	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>The company established occupational safety and health policies in accordance with the Occupational Safety and Health Act and related regulations, and fully implements the "Occupational Safety and Health Management System":</p> <p>Abide by laws and regulations, fulfill social responsibilities, pay attention to risk management and prevent hazards from occurring. Committed to education and training, strengthening consultation participation, Commitment to continuous improvement, and to ensure factory safety.</p> <p>In order to prevent occupational disasters and maintain the employees' safety and health, in accordance with the Article 12-1 of the "Regulations governing occupational safety and health management", the company's "Codes of occupational safety and health management" has been established to require managers at all levels and to manage, command and supervise such matters related to the regulation implementation.</p> <p>In order to protect workers from workplace hazards and provide workers with a healthy and comfortable working environment, the company implements monitoring of the working environment twice a year, conducts on-site work safety observation and audits each quarter, and holds emergency response drills and activities twice a year (including firefighting, earthquake simulation and safety lectures.</p> <p>The Company has provided the annual Employees' Health check-ups and special health examination for the personnel working at special place, hold education training of the labor safety and health regularly and provided safe and healthy working environment for employees. Please refer to page 59 of “Labor Relations” of this Annual Report for details. The company obtained ISO 45001 Occupational Health and Safety Management Systems Certification in Mar. 2023.</p>	Compliant
(4) Does the Company provide its employees with career development and training sessions?	V		<p>The Company's department managers may assign their colleagues to participate in internal and external education training based on the work needs to help employees to enrich their knowledge and professional skills, improve work efficiency and quality, so as to facilitate employees to connect with the company's growth goals. In addition, to obtain relevant licenses and professional skills in accordance with related laws and regulations to strengthen their career development capabilities.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(5) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labeling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?	V		<p>The company has developed a food safety management system with reference to the CPF Group's food safety policy, the regulations of local competent authorities in Taiwan and the self-discipline of the food industry, which is mainly composed of three aspects: system certification, safety inspection, and tracking and traceability management. The company has actively obtained domestic and foreign quality assurance system certifications related to the food industry. In addition to the ISO 9001 quality management system since 1999, it became the first in Taiwan to obtain the Dutch RvA HACCP certification in 2002, and obtained the ISO 22000 certification in 2007, and continues to implement a management system of the food safety team to check the consumers’ safety.</p> <p>In 2021, participating in the "2022 Laboratory Quality Management Practice Sharing and Taiwan-US Capability Test Briefing" co-organized by Super Laboratory Co., Ltd and "Taiwan Testing and Quality Assurance Society (TTQAS)". It selected five Outstanding units which performed excellent from more than 300 companies, and Lab of CPE is one of them.</p> <p>Establish a safety traceability mechanism from farm to table, and upload manufacturing data to the Ministry of Health and Welfare's "Food Traceability Tracking Management Information System (required), and continue to strive to provide safe, fresh and delicious products and make customers have more secure consumption choices.</p> <p>In order to protect the consumers’ rights, in addition to providing high-quality products, the Company has also purchased product liability insurance.</p> <p>The 0800 consumer service hotline and mailbox have been set up for dedicated personnel to timely handle consumer complaint-related issues.</p> <p>Please refer to page 30, 41 and 49 of the 2022 CPE ESG Report for details.</p>	Compliant
(6) Does the Company establish supplier management policies, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and its implementation status?	V		<p>According to the food sanitation regulations and quality meat certifications such as CAS, ISO9001, and IS22000, conditionally control raw materials, production line operations and equipment quality. Suppliers are also required to provide corresponding product testing certification to ensure product quality, hygiene and safety and regularly visit factories to evaluate their competency, to implement source management to check the consumers’ rights and interests.</p> <p>The Company requires all suppliers to abide by corporate social responsibility-related policies.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
5. Does the Company refer to internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as Sustainability Reports? Do the reports aforesaid obtain assurance from a third party verification unit?	V		The ESG report of the Company was prepared in accordance with GRI Standards of Global Reporting Initiatives, and commissioned PwC to conduct assurance in accordance with the Republic of China Assurance Standard Bulletin No. 1 “Assurance engagements other than audits or reviews of historical financial information”.	Compliant
6. Describe the difference, if any, between actual practice and the Sustainable Development principles, if the company has implemented such principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies: The company has not yet established Sustainable Development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”.				
7. Other useful information for better understanding the Company’s implementation of promoting sustainable development: Please refer to the Company’s website for other information related to ESG “ https://www.cptwn.com.tw/ec99/rwd1453/category.asp?category_id=26 ”.				

Climate related information

Climate-related information implementation status

Item	Implementation status
1. Describe Board and management oversight and governance of climate-related risks and opportunities.	The Company's dedicated team takes the lead in implementing climate risk governance and sets up an "Integration Team" to lead various working groups. Among them, the working group related to climate issues (Sustainable Environment Group) assesses possible climate risks and opportunities in daily business and regularly discusses with the integration group. The integration group helps converge the identified climate issues and representatives will Major climate issues are regularly reported to the dedicated team, which further develops management measures corresponding to climate issues. In the future, climate-related issues faced by The company will be regularly reported to the Board, the Board of directors can fully understand and track climate issue trends, and regularly review the implementation of plans and response to issues.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).	Based on the characteristics of the industry, and with reference to common climate risks and opportunities in the industry at home and abroad, we analyze regulations, policies and industry trends, and follow the guidance of TCFD to divide risk topics into physical risks and transformation risks; opportunity topics are divided into products and services, Four categories including improving resource usage efficiency. Through the integrated group, various working groups are convened to collect climate-related issues and conduct impact time and potential impact assessments on each issue. Please refer to page 73~74 of 2022 Sustainability Report.

<p>3. Describe the financial impact of extreme climate events and transition actions.</p>	<p>If acute weather events such as typhoons and floods occur, power outages and production process interruptions in the factory will affect the production of feed ingredients, resulting in reduced output, leading to financial losses and revenue declines; or affecting the commuting safety of employees, resulting in reduced productivity, and increased human management and Maintenance costs reduce profits. The response strategies are:</p> <p>(1) Develop emergency response plans for various climate disasters and strengthen organizational response capabilities.</p> <p>(2) Through the group's global insurance policy, strengthen asset insurance (including inventory, biological assets, fixed assets and commercial movable properties, etc.), and fully insure public accident liability and business interruption loss insurance.</p>
<p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p>	<p>The working group collects climate issues, and the integrated group assists in assessing and analyzing major climate risks and opportunities, and reports regularly to the Corporate Sustainability Committee. The committee formulates response strategies based on each issue and continues to pay attention to climate risks and opportunities. For financial impacts caused by operations, regularly track the effectiveness of action plans and continue to ensure that various risks and opportunities are integrated into the enterprise risk management process.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.</p>	<p>Not using situational analysis yet.</p>
<p>6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.</p>	<p>No transformation plan to manage overall climate risks.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>Not yet using carbon pricing tools.</p>
<p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity</p>	<p>Mitigating the impact of climate change has gradually become a global development trend and affects the direction of Taiwan's regulations and policies. In order to reduce the impact of climate risks on operations while adhering to regulatory and policy development, The Company has set four climate-related goals:</p> <p>(1) Based on the greenhouse gas inventory and confirmation schedule of the " Sustainable Development Roadmap ", The Company has begun planning to complete the greenhouse gas inventory within the scope of individual financial statements by 2026 and set reduction targets (not including reinvestment yet) business) to reduce the impact of The Company's operations on the climate.</p> <p>(2) Cooperate with the government's energy conservation policy and set short-term annual energy conservation goals.</p>

of renewable energy certificates (RECs).	(3) In compliance with the "Management Measures for the Installation of Renewable Energy Power Generation Equipment", it is expected that solar equipment will be installed with a power capacity of at least 500 kilowatts within five years. (4) Steady and prudent raw material stocking and inventory control, and long-term stable supply of daily necessities for consumers. In the future, we will follow international trends and regulatory requirements to formulate relevant carbon reduction targets for each operating site to reduce the impact of our own operations on the environment.
9.Greenhouse gas inventory and assurance status.	According to the Financial Supervisory Commission No. 1120385231 issued on November 13, 2023, The Company's paid-in capital does not reach NT\$5 billion and it should complete disclosure of inventory information starting from 2026 and complete disclosure of confidence information starting from 2028.

6. Fulfillment of Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		The Company has established the “Ethical Corporate Management Best-Practice Principles” and resolved by the Board of Directors, and clearly specify that the Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.	Compliant

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company’s Ethical Corporate Management Best-Practice Principles has clearly specified that when establish prevention programs, the Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct, and include the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.	Compliant
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		The Company’s Ethical Corporate Management Best-Practice Principles has set up the operational procedures and guidelines, disciplinary and appeal system, etc. The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved.	Compliant

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The Company properly evaluates the business partners’ credibility records and requires all transactions to be in line with the credibility code of conduct.	Compliant
	V		The company has establish a corporate responsibility promotion team which is supervised by the Board in charge of corporate integrity policies and program to prevent unethical conduct and monitor its implementation, and regularly reports to the Board.	No material discrepancy
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		All employees shall comply with conflict of interest and confidentiality agreements, and a mailbox shall be set up to serve as the channel for communication.	Compliant

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The Company has established effective accounting systems and internal control systems, and conduct review regularly so as to ensure that the design and enforcement of the systems are showing results. The internal auditors shall regularly check the compliance status of the relevant systems and prepare audit reports submitted to the Board of Directors.	Compliant
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		Various meeting advocacies are periodically held. Prior to signing contracts and transacting with external vendors, business integrity-related norms shall be noted.	No material discrepancy
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has established the Whistle-blowing system and the 0800 service hotline and mailbox have been set up. In case of proven violations of business integration, punishment will be imposed according to the Company’s regulations.	Compliant
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		The Company’s Whistle-blowing system has clearly stipulated the measures for whistle-blowing, whistle-blowers protection, etc.	Compliant
(3) Does the company provide proper whistleblower protection?	V		In the Company’s reported matter handling process, the whistleblower is always protected and will not be penalized for reporting an offense.	Compliant

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has disclosed the “Code of Business Integrity” on the company website and Market Observation Post System.	Compliant
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the ethical corporate management policies on Aug. 10, 2015. All business operations are complied with Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant laws and regulations related for listed company.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): Adhering by the business integrity concepts of incorruptibility, transparency, responsibility, and self-discipline, all the regulations and procedures adopt relevant measures to prevent unethical conduct and implement the policy of business integrity.				

7. Corporate Governance Guidelines and Regulations :

- (1) Please refer to the “Corporate Governance” area on Taiwan Stock Exchange Market Observation Post System at <https://mops.twse.com.tw>
- (2) Please refer to the “Corporate Governance” area on the Company’s website at <http://www.cptwn.com.tw>

8. Other Important Information Regarding Corporate Governance : None.

9. Internal Control Systems

(1) Statement of Internal Control System

Date: March 11, 2024

Based on the findings of a self-assessment, Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (CPE) states the following with regard to its internal control system during the year 2023:

1. The Board of Directors and management of CPE are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. The effectiveness of an internal control system may be subject to chances due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CPE takes immediate remedial actions in response to any identified deficiencies.
3. CPE evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CPE has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CPE believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CPE's Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the Board of Directors in their meeting held on March 11, 2024, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Chairman : Wu Yeh, Cheng

CEO : Thong Chotirat

(2) If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed: None.

10. Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during recent fiscal period and to the publish date of the Annual Report: None.

11. Major Resolutions of Shareholders Meeting and Board of Directors Meeting for the most recent year and to the Publish Date of the Annual Report

- (1) Major resolutions and executions of 2023 General Shareholders Meeting:
- A. Adoption of the 2022 Business Report and Financial Statements.
 - B. Adoption of the Proposal for 2022 Distribution of Surplus Earnings.
Implementation: The Chairman set up the record date on Sep 20, 2023 and payment date on Oct 5, 2023. (Cash dividend of NT\$3.5 per share)
 - C. Resolution regarding the election of directors and independent directors
List of elected directors: Representatives of Charoen Pokphand Foods Public Company Limited.: Wu Yeh Cheng, Prasert Poongkumarn, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat.
List of elected independent directors: Yen Sung Li, Tsu M.Ongg and Jin-Shong Yang.
Status: Registered was approved by Ministry of Economic Affairs on July. 5, 2023.
- (2) Major Resolutions of the Board of Directors Meetings in 2023 and to the Publish Date of the Annual Report

Date	Major Resolution Outlines
Mar. 13, 2023	Approval of Candidates list of Directors (including Independent directors) nominated by the Board of Directors.
Apr. 24, 2023	Approval of amendment to “Corporate Governance Best Practice Principles.”
Jan. 16, 2024	1. Approval the appointment of the chief internal auditor. 2. Approval the company’s board of directors has approved the lifting of the manager’s non-competition clause.
Mar. 11, 2024	1. Approval the company’s board of directors has approved the lifting of the director’s non-competition clause. 2. Approval of amendment to the “Rules of Procedure for Board of Directors Meetings”. 3. Approval of amendment to the “Rules of Procedure for audit committee”.

12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

13. Resignation or Discharge of the Company’s Key Individuals, including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit ,Corporate Governance and R&D:

Summary of resignations and resignations in the company

Title	Name	Arrival date	Dismissal date	Reason
Chief internal auditor	Chi Ling Liu	Aug. 9, 2021	Jan. 1, 2024	resignation

V. Information on the professional fees of the CPAs

1. Audit Fee

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
PwC, Taiwan	Lin, Yi-Fan	Jan. 1, 2023~ Dec. 31, 2023	2,792	2,985	5,777	Primary Services of Non-audit Fee are including ESG report assurance, Tax consulting TP Report, etc.
	Liao, Fu-Ming					

- (1) If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed : None.
- (2) Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed : None.

VI. Information on the Replacement of CPA: None.

VII. Management Team Held Positions in the Company's Audit Firm or Its Affiliates: None.

VIII. Changes in Shareholding of Directors, Management and Major Shareholders

Unit: Shares

Title	Name		2023		As of Apr. 27, 2024	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of Charoen Pokphand Foods Public Company Limited (Date of appointment: 2023/6/15)	Wu Yeh Cheng	29,483,006	0	0	0
Director		Prasert Poongkumarn				
Director		Chu Hsiung Lin				
Director		Thong Chotirat				
Director		Monchai Leelaharat				
Independent Director	Yen Sung Li		0	0	0	0
Independent Director	Tsu M. Ongg		0	0	0	0
Independent Director	Jin-Shong Yang		0	0	0	0
CEO	Thong Chotirat		3,000	0	0	0
Senior Vice President	Chih Cheng Liu		0	0	0	0
Senior Vice President	Yen Chun Liu		0	0	0	0
Senior Vice President	Wei Yueh Chang		0	0	0	0
Senior Vice President	Ning Wang		0	0	0	0
Senior Vice President	Yu Ching Chen		0	0	0	0
Senior Vice President	Chao Jen Chen		0	0	0	0
Senior Vice President	Chun Lung Hsiao		0	0	0	0
CFO/CGO	Monchai Leelaharat		0	0	0	0
Vice President	Su Hua Lee		0	0	0	0
Major Shareholder	Charoen Pokphand Foods Public Company Limited, Thailand		29,483,006	0	0	0
Chairman	Representative of Charoen Pokphand (Taiwan) Investment Ltd., Bermuda (Dismissal date: 112/6/15)	Wu Yeh Cheng	(29,483,006)	0	0	0
Director		Prasert Poongkumarn				
Director		Chu Hsiung Lin				
Director		Thong Chotirat				
Director		Monchai Leelaharat				

Note 1: Shares Trading with related parties: Please refer to the following exhibit for such information. Shares Pledge with Related Parties: None.

Shares Trading with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Charoen Pokphand Foods Public Company Limited, Thailand	Acquisition	2023.08.31	CPF Investment Limited, BVI	Major shareholder's Nominee shareholder	29,483,006	79.35

IX. Relationship among the Top Ten Shareholders

Apr. 27, 2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Charoen Pokphand Foods Public Company Limited, Thailand Chairman: Soopakij Chearavanont	83,676,832	28.39%	0	0.00%	31,296,305	10.62%	-	(Note)	
	0	0.00%	0	0.00%	0	0.00%	-	-	
Chun Ta Investment Co., Ltd. Chairman : Monchai Leelaharat	17,120,207	5.81%	0	0.00%	0	0.00%	-	(Note)	
	0	0.00%	0	0.00%	0	0.00%	-	-	
Ta Chung Investment Co., Ltd. Chairman : Monchai Leelaharat	14,176,098	4.81%	0	0.00%	0	0.00%	-	(Note)	
	0	0.00%	0	0.00%	0	0.00%	-	-	
Yuanta Taiwan High Dividend Low Volatility ETF	10,542,000	3.58%	0	0.00%	0	0.00%	-	-	
Wu Yeh Cheng	7,021,320	2.38%	112,138	0.04%	0	0.04%	-	-	
CITI Bank in custody for Norges Bank	4,332,300	1.47%	0	0.00%	0	0.00%	-	-	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,527,343	1.20%	0	0.00%	0	0.00%	-	-	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,518,374	1.19%	0	0.00%	0	0.00%	-	-	
Jun Yao Lin	3,190,000	1.08%	0	0.00%	0	0.00%	-	-	
Standard Chartered International Commercial Bank Sales Department iShares Core MSCI Emerging Markets ETF	3,079,700	1.04%	0	0.00%	0	0.00%	-	-	

Note : Charoen Pokphand Foods Public Company Limited acquired 100% shares directly since Jun. 2022.

X. Ownership of Shares in Affiliated Enterprises

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership (Mar. 31, 2024)	
	Shares	%	Shares	%	Shares	%
Plenty Type Limited (Cayman Islands)	57,841,941	100.00%	0	0.00%	57,841,941	100.00%
Charoen Pokphand (Taiwan) Corp., Ltd.	2,443,716	90.00%	271,524	10.00%	2,715,240	100.00%
Arbor Acres (Taiwan) Co., Ltd.	1,600,000	50.00%	504,000	15.75%	2,104,000	65.75%
Rui Mu Foods Co., Ltd.	11,831,700	68.00%	0	0.00%	11,831,700	68.00%
Rui Fu Foods Co., Ltd.	45,900,000	51.00%	0	0.00%	45,900,000	51.00%
Sheng Da Foods Co., Ltd.	0	0.00%	25,000,000	83.33%	25,000,000	83.33%
Feng Sheng Livestock Co., Ltd	10,000,000	50.00%	0	0.00%	10,000,000	50.00%
Chia Tai Lianyungang Co., Ltd.	0	0.00%	999,999	99.99%	999,999	99.99%

Capital Overview

I. Capital and Shares

1. Source of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Remark	
		Shares	Amount (NT\$)	Shares	Amount (NT\$)		Capital Increased by Assets Other than Cash	Date of Approval & Approval No.
May, 1987	-	28,637,999	286,379,990	28,637,999	286,379,990	Cash/Profits/Surplus	None	Before Public Listed
Jul. 1988	28	57,275,998	572,759,980	57,275,998	572,759,980	Cash	None	1988/3/16 Taiwan-Finance-Securities (I) No. 00258
Dec. 1988	10	68,731,198	687,311,980	68,731,198	687,311,980	Profits	None	1988/10/18 Taiwan-Finance-Securities (I) No.09203
Jan. 1990	40	95,477,437	954,774,370	95,477,437	954,774,370	Cash 130,000,000 Capital Surplus 137,462,390	None	1989/10/2 Taiwan-Finance-Securities (I) No.09078
Sep. 1992	10	137,400,000	1,374,000,000	105,979,955	1,059,799,550	Capital Surplus	None	1992/7/29 Taiwan-Finance-Securities (I) No.01704
Oct. 1993	10	137,400,000	1,374,000,000	116,577,950	1,165,779,500	Capital Surplus	None	1993/7/26 Taiwan-Finance-Securities (I) No.30830
Nov. 1994	20	184,000,000	1,840,000,000	149,057,795	1,490,577,950	Cash 208,220,500 Capital Surplus 58,288,980 Profits 58,288,970	None	1994/7/25 Taiwan-Finance-Securities (I) No.29034
Aug. 1995	10	184,000,000	1,840,000,000	156,510,685	1,565,106,850	Capital Surplus	None	1995/7/4 Taiwan-Finance-Securities (I) No.38921
Sep. 1996	10	284,000,000	2,840,000,000	165,901,326	1,659,013,260	Capital Surplus	None	1996/7/3 Taiwan-Finance-Securities (I) No.41052
Nov. 1997	17.5	357,900,000	3,579,000,000	202,491,458	2,024,914,580	Cash 200,000,000 Capital Surplus 82,950,660 Profits 82,950,660	None	1997/7/14 Taiwan-Finance-Securities (I) No.52538號
Aug. 1998	10	357,900,000	3,579,000,000	212,616,031	2,126,160,310	Capital Surplus	None	1998/7/4 Taiwan-Finance-Securities (I) No.57352
Aug. 1999	10	357,900,000	3,579,000,000	222,183,752	2,221,837,520	Profits 29,766,240 Capital Surplus 65,910,970	None	1999/7/12 Taiwan-Finance-Securities (I) No.63044號
Aug. 2000	10	357,900,000	3,579,000,000	226,627,427	2,266,274,270	Capital Surplus	None	2000/6/23 Taiwan-Finance-Securities (I) No.54599
Aug. 2001	10	357,900,000	3,579,000,000	230,026,838	2,300,268,380	Capital Surplus	None	2001/7/6 Taiwan-Finance-Securities (I) No.143496
Jul. 2003	5	357,900,000	3,579,000,000	232,026,838	2,320,268,380	Cash	None	2006/10/19 Financial-Supervisory-Securities--I -No. 0950148222 private placement securities for retroactive handling of public issuance procedures
Sep. 2014	10	357,900,000	3,579,000,000	243,628,180	2,436,281,800	Profits	None	2014/7/10 Financial-Supervisory-Securities-Corporate-No.1030026256
Sep. 2015	10	357,900,000	3,579,000,000	267,990,998	2,679,909,980	Profits	None	2015/7/31 Financial-Supervisory-Securities-Corporate-No.1040028764
Sep. 2022	10	357,900,000	3,579,000,000	294,790,098	2,947,900,980	Profits	None	2022/7/29 FSC Effective Registration and 2022/9/22 Jing-Shou-Shang-Zi No.11101179830

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	294,790,098	63,109,902	357,900,000	-

Note: Information for Shelf Registration: NA.

2. Status of Shareholders

Apr. 27 2024

Number \ Structure	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	20	308	192	77,299	77,819
Shareholding (shares)	0	13,247,412	50,853,516	118,861,108	111,828,062	294,790,098
Percentage	0.00%	4.49%	17.25%	40.33%	37.93%	100.00%

3. Shareholding Distribution Status - Common Shares

Apr. 27 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	52,773	4,323,203	1.47%
1,000 ~ 5,000	20,938	38,679,487	13.12%
5,001 ~ 10,000	2,370	16,237,592	5.51%
10,001 ~ 15,000	776	9,343,273	3.17%
15,001 ~ 20,000	274	4,808,813	1.63%
20,001 ~ 30,000	284	6,894,242	2.34%
30,001 ~ 40,000	125	4,380,491	1.49%
40,001 ~ 50,000	61	2,770,462	0.94%
50,001 ~ 100,000	92	6,316,835	2.14%
100,001 ~ 200,000	60	8,346,384	2.83%
200,001 ~ 400,000	20	5,615,280	1.90%
400,001 ~ 600,000	12	5,891,281	2.00%
600,001 ~ 800,000	9	6,336,787	2.15%
800,001 ~ 1,000,000	2	1,773,800	0.60%
1,000,001 or over	23	173,072,168	58.71%
Total	77,819	294,790,098	100.00%

Note: The Company has not issued Preferred Shares.

4. List of Major Shareholders

Shareholder's Name	Shareholding	Shares	Percentage
Charoen Pokphand Foods Public Company Limited, Thailand		83,676,832	28.39%
Chun Ta Investment Co., Ltd.		17,120,207	5.81%
Ta Chung Investment Co., Ltd.		14,176,098	4.81%
Yuanta Taiwan High Dividend Low Volatility ETF		10,542,000	3.58%
Wu Yeh Cheng		7,021,320	2.38%
CITI Bank in custody for Norges Bank		4,332,300	1.47%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		3,527,343	1.20%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		3,518,374	1.19%
Jun Yao Lin		3,190,000	1.08%
Standard Chartered International Commercial Bank Sales Department iShares Core MSCI Emerging Markets ETF		3,079,700	1.04%

5. Market Price, Net Worth, Earnings, and Dividends Per Share

Unit: NT\$ 1

Item		Year	2022	2023	01/01/2024 -03/31/2024
Market Price per Share	Highest Market Price		86.00	103.00	112.50
	Lowest Market Price		74.20	78.00	93.90
	Average Market Price		80.51	91.53	100.21
Net Worth per Share	Before Distribution		30.52	33.09	33.77
	After Distribution		27.02	(Note1)	(Note1)
Earnings per Share	Weighted Average Shares (thousand shares)		294,790,998	294,790,098	294,790,098
	Earnings Per Share (Before adjustment)		5.28	7.70	1.25
	Earnings Per Share (After adjustment)		5.28	(Note1)	(Note1)
Dividends per Share	Cash Dividends		3.50	(Note1)	-
	Stock Dividends	From Earnings	-	-	-
		From Reserves	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 2)		15.18	11.78	-
	Price / Dividend Ratio (Note 3)		22.90	(Note1)	-
	Cash Dividend Yield Rate (Note 4)		0.04	(Note1)	-

Note 1 : The Proposal for Distribution of 2023 Profits is not yet resolved by the general shareholders' meeting.

Note 2 : Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3 : Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4 : Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

6. Dividend Policy and Implementation Status

(1) Dividend policy under Articles of Incorporation :

The Company is in the stage of stable growth, considering the capital demand of the Company and the cash inflow that the shareholders desire, while the Company has profit as a result of the annual final accounting, after the Company paid all taxes, dues and offset its accumulated losses, shall first set aside 10% of such profits as legal reserve, then set aside or reverse special reserve in accordance with the laws and regulations requested by the competent authority. The remaining surplus profits along with the un-appropriated retained earnings of the previous years shall be distributed as shareholders' dividends in accordance with the resolution of shareholders' meeting. Cash dividends shall not be less than 10% of the total distributed dividends. While the cash dividends per share is less than NT\$0.1, the cash dividends shall be distributed in the form of stock dividends.

(2) The Board of Directors considered the capital demand and the cash inflow that the shareholders desire, the Company plans to distribute more than 30% of Profit for the current year as shareholders' dividends.

(3) The Proposal for Distribution of 2023 Profits: The 2023 distribution of Surplus Earnings was resolved at the meeting of Board of Directors that cash dividend NT\$5.5 per share will be distributed and reported to the Annual General Shareholders' Meeting;

7. Impacts of Stock Dividends on Operation Results and EPS : NA.

8. Compensation of Employees, Directors and Supervisors

(1) Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation : When the Company has profit of the current year, at least 1% or more shall be distributed as employees' bonuses. In case that the Company has accumulative losses, a sufficient amount shall be reserved to offset its accumulative losses in advance. In addition, the Company doesn't distribute Directors' Compensation.

-
- (2) The basis for estimating the amount of employees' compensation, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The basis for estimating the amount of the employees' compensation is in accordance with Article 29-1 of the Company's Articles of Incorporation. If the amount resolved by the Board differs from the previously estimated, the difference will be handled based on the accounting estimation, which will be recognized as the 2024 annual profit (loss).

- (3) Distribution of Compensation for 2023 Resolved at the meeting of Board of Directors.

A. Distribution of Compensation of Employees in Cash or Stock:

The 2023 employees' compensation is NT\$28,564,500 which was approved by the Board of Directors on May. 6, 2024, and totally distributed in cash.

The amount of 2023 employees' compensation resolved by the Board decreased by NT\$131,500 compared with the estimated amount of NT\$28,696,000 in the 2023 financial report. The amount difference is mainly due to an estimation difference and shall be handled based on the accounting estimation, which will be recognized as the 2024 annual profit (loss).

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee compensation: N/A.

- (4) Information regarding the Distribution of Compensation of Employees, Directors and Supervisors for the previous year: 2023 Distribution of Employees' Compensation was NT\$19,500,000 while the distribution of Directors' remuneration was NT\$ 0. The above-mentioned actual distribution of compensation of employees, directors was in line with the resolution of the Board of Directors.

9. Buyback of Treasury Stock: None.

II. Bonds : None.

III. Preferred Shares : None.

IV. Global Depository Receipts : None.

V. Employee Stock Options, New Restricted Employee Shares : None.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions : None.

VII. Financing Plans and Implementation

1. Finance Plans

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

2. Implementation

Capital received from previously-issued corporate bonds has been fully executed according to the required procedures: NA.

Operational Highlights

I. Business Activities

1. Business Scope

(i) Main activities of business operations

- (1) Operation of Livestock Farm
- (2) Animal Husbandry
- (3) Livestock Farming
- (4) Slaughter
- (5) Canned, Frozen, Dehydrated Food Manufacturing
- (6) Instant Food Manufacturing
- (7) Other Food Manufacturing Not Elsewhere Classified
- (8) Prepared Animal Feeds Manufacture
- (9) Wholesale of Animal Husbandry, Aquatic Products, Food and Grocery, Animal Feeds
- (10) Retail sale of Husbandry Products, Aquatic Products, Animal Feeds, Food and Grocery
- (11) International Trade
- (12) Agriculture, Forestry, Fishing, Animal Husbandry Consultancy, Food Consultancy, and Management Consulting Services
- (13) Biotechnology Services
- (14) Restaurants
- (15) Other Eating and Drinking Places Not Elsewhere Classified
- (16) Edible Oil and Fat Manufacturing
- (17) Wholesale of Edible Fat and Oil, Vegetables and Fruits, and Other Agricultural, Livestock and Aquatic Products
- (18) Wholesale of Food Additives
- (19) Retail Sale of Agricultural Products, Agricultural, Livestock and Aquaculture Products
- (20) Retail of Food Additives
- (21) Supermarkets
- (22) Convenience Stores
- (23) Retail Sale No Storefront

(ii) Product Items and the percentage

- | | |
|---|-------|
| – Feed and Extruded ingredients | 31.7% |
| – Livestock Fresh Meat | 44.2% |
| – Various Consumer Foods: | 24.1% |
| Chicken floss, ginseng chicken, ham, chicken nugget, chicken chop, fried chicken, chicken sticks, roasted chicken, pickled meat, etc. | |

(iii) New products scheduled for developing

- (1) Continuously develop Chinese-style and exotic cuisines, such as soups, curry, etc., to provide consumers more choices of delicious dishes.
- (2) Strengthen the development of snack products made by chicken, pork and duck.
- (3) Continuously develop and improve the manufacturing technology of clean label products.

2. Industry Overview

Relationship with up-stream, middle-stream and down-stream among the industry are feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel.

(1) Feed Industry

The variances in Taiwan's overall feed production quantity is adjusted based on the raising quantity of husbandry industry in Taiwan (including pigs, white broilers, colored chickens, ducks, bulls, etc.) as well as aquatic industry. In accordance with the 2022 Taiwan feed production survey report of the Council of Agriculture, there are 113 feed

mills in Taiwan and the total annual feed production is 5.7 million tons. In 2023, Taiwan chicken slaughter quantity decreased by about 4.7% and the pig slaughter quantity decreased by about 4.6% compared with 2022, but the waterfowl slaughter quantity increased by 7.3 % compared with 2022. The overall feed production quantity in 2023 was estimated to be increased by 5 %.

(2) Livestock Fresh Meat

A. White Broiler Fresh Meat: According to the data of the Poultry Association Republic of China, the chick prices increased from the bottom of NT\$32 each bird at the beginning of the year to NT\$40 each bird while the feathered chicken prices increased from NT\$ 35 to NT\$38.3 per 600 grams in 2023. In addition, the import quantity of chicken increased 21 thousand tons from 218 thousand tons in 2022 to 239 thousand tons in 2023.

B. Live Pigs: According to the data of National Animal Industry Foundation (NAIF), the average prices of Taiwan live pig in 2023 is NT\$ 90.34 per kg, increased NT\$8.26 from NT\$80.02 per kg in 2022. According to the Pork data of Taiwan Food and Drug Administration, the import weight of pork in 2022 was 89 thousand tons and increase to 95 thousand tons in 2023 by 6 thousand tons.

(3) Consumable Food

As Taiwan's nuclear family groups and consumption habits change, people in Taiwan eat more pork than chicken on average every year. In recent years, there has been a change. The tendency of meat consumption have shifted from chicken to pork. The inferred reason is that it is inconvenient for young people to cook pork. In addition, the fitness trend is becoming increasingly popular. Chicken is a simple dish and is widely used in prepared foods. It is also relatively easy to obtain, which directly affects the change in the structure of meat consumption..

3. Research and Development

(1) In the latest year and to the publish date of the Annual Report, the R&D expenditure was NT\$11 million, of which 80% were invested on manpower and time spent on successfully developed products.

(2) Successfully Developed Products:

- A. Develop a variety of Chinese-style and exotic cuisines, such as Shredded Pork Golden Egg Fried Rice, Thai Tossed Pork Rice, French Truffle Stewed Rice, Fresh Seafood Stewed Rice, Fried Rice Sticks with Scallops in XO Sauce, Black Truffle Mushroom Pasta, etc., for consumers to enjoy delicious meal anytime anywhere in a more convenient and simple way.
- B. Targeting the needs and trends for high-protein diets, further develop more flavored chicken breast salad products, such as Japanese curry salad breasts, green peppercorn tender chicken breasts, light spicy salad breasts, black pepper garlic chicken fillet, Mexican chicken fillet and other products, and expanded Sales market share of each channel.

4. Long-term and Short-term Development

(1) Short-term Development:

- A. To support the government's technologization and modernization development policy for agriculture and livestock industry, the Company has constructed the world's most advanced AI automated non-pharmaceutical feedmill in Douliou City, Yunlin County, the agriculture capital of Taiwan, in order to meet the international environmental protection standards and solve feed cross-contamination and food safety issues.
- B. Introducing the world's most advanced cooling pad system and equipment and raising

and breeding technology, the Company thereby set the milestone for Taiwan heading towards high-tech automation.

C. Introduce one-stop egg hen management to ensure sufficiency in egg supply.

(2) Long-term Development:

A. By introducing the Group's world-class technologies and the most advanced equipment, the Company's technology level of breeding, livestock breeding, feed, and meat processing will be expected to improve.

B. Adhering to the philosophy of "No biological safety, No food safety", the Company insists on rigorous quality control and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety and provide consumers the highest quality meat which is safe, healthy, convenient, hygienic, and affordable.

C. Continue to strengthen the existing intensive brand marketing, deep-plow channel marketing strategies, and develop new e-commerce channels.

II. Market and Sales Overview

1. Sales Region and Market Share (%)

The Company's main products are feed, white broiler fresh meat and processed chicken products, which are mainly for domestic sales. The sales regions are nationwide. The major product market overview is summarized as follows:

(1) Feed: The Company's 2023 feed production was approximately 820,000 tons, which mainly consist of chicken, pig and duck feed products, accounting for about 15% of the overall market. The targets of sales are privately-operated breeders, contract breeders and self-owned farms. The main market area is Central Taiwan, accounting for 64%, while Southern and Northern Taiwan are accounting for 26% and 10% respectively. In response to the environmental protection and health trends, the company provides the domestic breeding industry with feed products free of safety concerns. The Company invested in a feed mill with a monthly capacity of 20,000 tons in Douliou City, Yunlin County, which has officially started two-shift system production in 2023, and the monthly production capacity has reached more than 10,000 tons.

(2) Livestock Fresh Meat

A. White Broiler Fresh Meat: The Company is the first vendor to have white broiler electric slaughter equipment in Taiwan. After years of efforts, the company adopts the vertical integration business strategy, from feed, meat chicken, chicken contract raising to white broiler slaughter in order to strictly control quality and reduce production costs. Currently, the daily slaughter capacity is 160,000 birds. The overall electric slaughter capacity in 2023 was 42 million birds. The market distribution comprises Northern Taiwan (33%), Central Taiwan (40%), and Southern Taiwan (27%), accounting for about 17% of the overall white broiler market.

B. Live Pigs: The company adopts a one-stop vertical management strategy from feed, breeding pigs and swine production to strictly control quality and reduce production costs. According to information from the National Animal Industry Foundation, the number of pigs auctioned in the Taiwan pig market in 2023 will be approximately 5,788 thousand herds, a decrease of approximately 388 thousand herds from the number of approximately 6,176 thousand herds in 2022.

(3) Consumable Food: The company has been actively developing consistent services from farm to table for many years. In addition to selling fresh chicken and pork, it also

focuses on the research and development of chicken and some pork processed products, have penetrated into Taiwan's traditional markets, supermarkets, convenience stores and catering industries. The company's consumer food products mainly focus on processed chicken products, and are the leading brands in the market. The market distribution comprises Northern Taiwan (41%), Central Taiwan (33%), and Southern Taiwan (26%).

2. Supply, Demand and Growth in Prospective Markets

- (1) In the first half of last year (2023), avian influenza was raging around the world, causing a shortage of chickens and eggs in the country, triggering fears of insufficient living expenses. After the United States lifted interest rates by 17 percentage points in 2022, it was lifted interest rates by a total of 4 percentage points during 2023. Taiwan will not escape perceived inflation. Despite the turmoil in the outside world, the company has benefited from the continuous investment of 2.2 billion dollars in advanced equipment and technology, proper procurement, arrival and cost management of raw materials, strict biosafety control in breeding, and good performance in feed factories and food factories in 2023, and set a new record in terms of revenue and profit.
- (2) From the beginning of 2023 to the end of the first quarter of 2024, corn futures fell by approximately 26%, and soybean futures fell by approximately 15%. Due to abundant corn or soybean production in the United States and Brazil last year, coupled with poor demand from China, the largest importer of soybeans, Chicago futures fell from their highs. In addition, the government has extended the 5% business tax exemption for soybean, wheat and corn until the end of June, which should help reduce feed costs. However, in the external market, following the war between Ukraine and Russia, the war in the Red Sea continued, and the overall shipping freight rate continued to rise. Domestic electricity price increases have been finalized since April, and ESG issues are increasingly fermented, which will lead to an increase in the implicit cost of corporate governance for many companies. This year, due to severe epidemics such as blue-ear disease, circovirus, and epidemic diarrhea, the breeding rate will be the challenge and key to profitability for each pig farmer and breeder. There are still many variables for commodity supplies.
- (3) Our company has always strictly adhered to the "risk dispersion management" first when it comes to raw material procurement decisions, arrival time control, strict selection of raw material quality and inventory management, so that it can provide stable and high-quality feed sources to take care of the vast number of downstream farmer customers. With such absolute belief, we silently persisted in our steady steps. In the face of daily fluctuations in the global economy, we can try our best to control the procurement of raw materials as a relatively stable link in the overall operation. Compared with the China-United States trade war, COVID-19 epidemic, and avian influenza in previous years, the general direction of U.S. cuts interest rate in 2024 has been determined this year. The production of the main commodity raw material soybean, wheat and corn is stable, and the shipping schedule to Taiwan is stable. Aiming to gain an early understanding of the supply and demand of domestic commodity materials and make early plans, our company's Commodity Department is optimistic and cautious about moving forward this year.

3. Advantages in Competition

- (1) The Company has been proactively establishing the business model for the upstream, middle-stream and downstream vertical integration of feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel integration has significantly gained a competitive niche.
- (2) The operation of existing global international products purchasing information online system previously established has make the best use of our advantage in materials.

(3) For a long time, the Company has continuously invested heavily on strengthening the upstream and downstream agriculture and livestock supply chain layout, introduced the world's most advanced equipment featuring both environmental protection and safety into the Company, and enhanced the Company's standard of breeding, livestock breeding, feed, meat processing, and egg technology, which have one after another shown a competitive niche in terms of operating performance growth momentum.

4. Favorable and Unfavorable Factors in the Long Term and Countermeasure

(1) Favorable Factors:

- A. With the solid foundation of vertical integration, product costs and quality can be easily controlled to enhance competitiveness.
- B. Affordable and high-quality products coupled with after-sales services and continuous R&D are the niches of future market competitiveness.
- C. Products are necessities to public. By providing consumers with safe, healthy, convenient, affordable, and high-quality products that gain consumers' recognition, the Company's image as the leading brand can be established.

(2) Unfavorable Factors:

- A. Limited of land. Land, as symbol of wealth instead of production tools, is high in cost.
- B. The investment costs increase due to the soaring environmental protection standards.
- C. After Taiwan joined the WTO, it is bound to be subject to the external pressure of product competitiveness.

(3) Countermeasure:

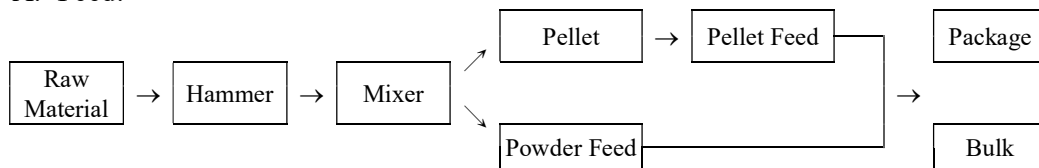
In order to recreate the corporate, the C.P. Taiwan must strengthen itself by transforming from the traditional business of the past into an internationalized, commercialized, technologized, and eco-friendly consuming business group in order to take on internationalized and liberalized challenges of the future world trade and ensure the Company's steady growth and sustainable operation.

5. Important application and production Procedures of Major Products

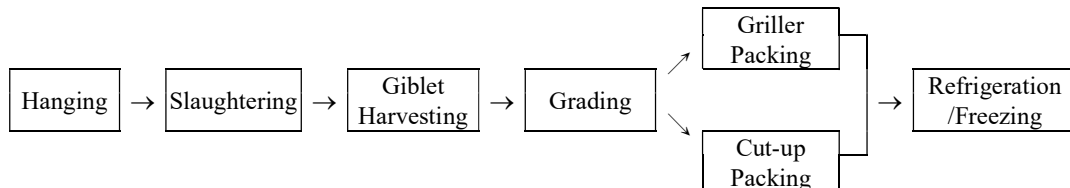
(1) 100% of the chicken, duck, pig feed is to provide the domestic suppliers. Fresh chicken meat, pork and processing products are manufactured for all Taiwan areas.

(2) Production Processes of Major Products :

A. Feed:

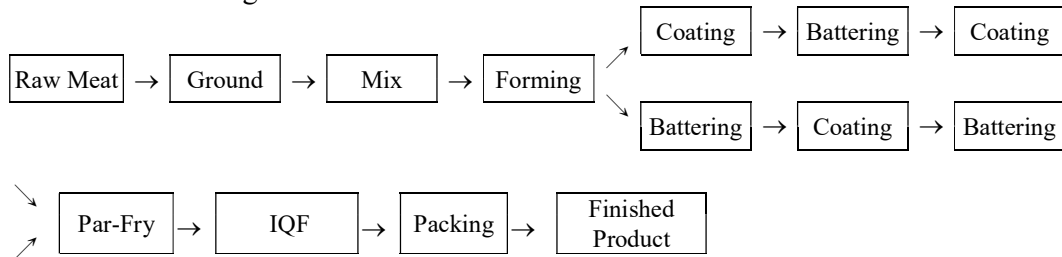


B. Fresh Chicken Meat:

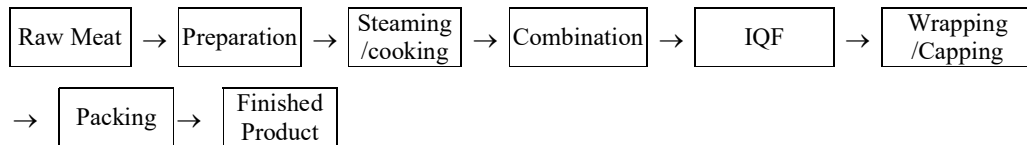


C. Live Pigs: Not Applicable since the Major Product is live pig

D. Meat Processing Products:



E. Processed Food :



6. Supply Status of Main Materials

(1) Feed:

The transnational group has set up a professional management team to share rich experiences and information network, make accurate predictions in facing climate change, and provide the procurement strategy in response to market situations. Based on the regional characteristics, assistance has been offered in equipment upgrade, productivity enhancement, and R&D and innovation to increase added value of products. The cooperation mode with farmers has also been reinforced, not only to reduce the risk of agricultural product price fluctuations, but also to ensure breeding efficiency and quality, thereby successfully expanding breeding scale, maintaining productivity, and enhancing quality stability.

(2) Fresh Chicken Meat:

The Company, cooperating with farmers based on different breeding contract, is provided with high-quality, hygienic and safe feathered chickens, which are the raw material sources of high-quality meat.

(3) Live Pigs: Not Applicable since the Major Product is live pig.

(4) Meat Processed Products and Prepared Food:

The meat is purchased from self-operated electric slaughter plants or domestic and foreign markets in order to supply various fresh meat required by the processed and prepared food of chicken, pork, local-raised chicken and duck.

7. Major Suppliers and Clients

(1) Major Suppliers in the Last Two Years

Unit: NT\$ thousand

Item	2022				2023				2024 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
1	A (Note1)	2,466,132	10.92	None	B (Note2)	2,578,612	13.09	None	A (Note1)	594,814	12.61	None
	Others	20,123,687	89.08		Others	17,118,696	86.91		Others	4,123,379	87.39	-
	Net Total Supplies	22,589,819	100.00		Net Total Supplies	19,697,308	100.00		Net Total Supplies	4,718,193	100.00	-

Note: 1. A represents HONGKONG NATURAL RESOURCES TRADING COMPANY LIMITED.

2. B represents SINGAPORE JY SUPPLY CHAIN MANAGEMENT PTE. LTD.

3. Explanation of increase or decrease: Prioritize purchasing from manufacturers with the most competitive prices.

Major Clients in the Last Two Years

Unit: NT\$ thousand

Item	2022				2023				2024 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
	Others	28,959,220	100.00		Others	29,159,749	100.00		Others	6,912,107	100.00	
	Net Sales	28,959,220	100.00		Net Sales	29,159,749	100.00		Net Sales	6,912,107	100.00	

Note: There's no client commanding 10%-plus share of annual net sales.

8. Production in the Last Two Years

Unit: (1)MT (2)NT\$ thousands

Production	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products							
Feed		917,700	851,999	14,118,650	1,037,700	824,044	13,112,319
Commodity		-	162,743	2,204,612		105,456	1,368,043
Livestock Fresh Meat		187,536	168,395	11,668,240	189,477	167,473	12,275,250
Consumable Food		55,586	55,205	5,997,839	54,222	52,670	6,500,272
Total			1,238,342	33,989,341		1,149,643	33,255,884

Note: Production capacity refers to the volume of production that can be produced by a company using existing production equipment and under normal operation, after taking into consideration factors such as necessary downtime, holiday, etc.

2. Sales and Quantity in the Last Two Years

Unit: (1)MT (2)NT\$ thousands

Sales	Year	2022				2023			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
Feed, Extruded Ingredients		651,712	10,759,370	0	0	561,739	9,230,326	0	0
Livestock Fresh Meat		129,827	11,570,762	0	0	131,296	12,886,683	0	0
Consumable Food		53,631	6,629,088	0	0	51,061	7,042,740	0	0
Total		835,170	28,959,220	0	0	744,096	29,159,749	0	0

III. Human Resources

Year		2022	2023	As of Apr. 30, 2024
Number of Employees	Administrative staff	208	205	207
	Sales staff	356	396	429
	Production staff	1,967	2,149	2,233
	Total	2,531	2,755	2,869
Average Age		40.00	40.00	40.10
Average Years of Service		6.60	6.60	6.20
Education	Ph.D.	0.1%	0.1%	0.2%
	Masters	3.4%	3.4%	4.4%
	Bachelor's Degree	35.9%	35.9%	36.4%
	Senior High School	30.6%	30.6%	31.0%
	Below Senior High School	30.0%	30.0%	28.0%

IV. Environmental Protection Expenditure

1. Environmental Protection Policy: The Company has been supporting the government's policy to protect environment. We have installed the cyclone (dust collection system) in Taichung and Kaohsiung plants and also have the dedicated personnel to be responsible for the waste material treatment in order to protect the environment of the factories and the surroundings. In addition, we have also employed some persons to be responsible for the waste water and the deodorized treatment from Nantou Poultry slaughtering plant and meat-further processing plant. Those persons follow the related criterion to pump waste water into the waste water treatment center in industrial district, besides, to hire the cleaning companies to help treating those waste materials. The above measures are confirmed by the local Environmental Protection Bureau.
2. Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection) and countermeasures: Penalties for air, water and waste pollution is around NT\$ 5,135 thousand.

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Jan. 4, 2023 ~ Mar. 1, 2023	No. 112010001, No. 1120204484, etc.	Water Pollution Control Act: Article 7, 14, 18, and 21.	Exceeding discharge water standards, water pollution prevention and control measures or use not complying with specifications, wastewater leakage, water and electricity meters not recording on time, etc.	Penalties amounted to NT\$1,111,777 and attending environmental seminars.
Mar. 6, 2023~ Mar. 15, 2023	No. 1120003217, No. 11203117, etc.	Waste Disposal Act: Article 31.	Violation of exceeding the waste clearance permit and failing to reduce waste clearance plans in accordance with regulations.	Penalties amounted to NT\$18,000 and attending environmental seminars.

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Jan. 4, 2023~ Mar. 8, 2024	No. 1110307827, No. 1130054714 etc.	Air Pollution Control Act: Article 20.	Perimeter odor concentration exceeds emission standards.	Penalties amounted to NTS\$2,445,000 and attending environmental seminars
Feb. 4, 2023~ Feb. 17, 2024	No. 1110307959, No. 11230785700, etc.	Air Pollution Control Act: Article 23	The failure of the control valve resulted in failure to effectively collect and process air pollutants, failure to monitor the operation of control facilities, and failure to record daily records in accordance with the permit.	Penalties amounted to NTS\$1,560,000 and attending environmental seminars.

3. The measures and estimated expenditure in the future:

2024

Anti-pollution equipment to be purchased	The waste water treatment equipment and dust collection equipment
Expected improvement situation	Improve the working environment
Amount	68.03 million

4. The impact of the improvement: Enhance the image of the Company, and improve the working environment.
5. Products have not yet been sold to EU countries. Therefore, the implementation of the “Restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS)” has no impact on the Group’s finance and business.

V. Labor Relations

1. The Implementation of Employee Welfare, Education, Training, Retirement Policy, as well as the Agreements between Employer and Employees and Employees' Rights Protection Measures:

Since meetings among the Company, departments and plants have created a good communication channel, followed by labor law and relevant law to protect employees' rights, so as to pay much attention to various kinds of employees' welfare, the relationship between employer and employees is good.

- (1)The Employee Welfare Committee holds various employee welfare activities. In addition to the welfare fund distributed monthly by law, fund shortage will be subsidized by the Company.
- (2)The Company Working Environment and Employee Safety Protection Measures:
 - A. Formulate a Safety and Health Manual that stipulates safety management matters for employees to follow
 - B. Strengthen equipment safety and improve environment hygiene.
 - C. Regularly check firefighting safety in November every year, and conduct fire drills twice a year.
- (3)The employees' compensation includes monthly salaries and bonuses. The employees' salary standards are determined based on their positions, education and work experiences, professional expertise and market values. The initial salaries and bonuses is compliance with the Act of Gender Equality in Employment and will not be different due to gender, religion, political stance, and marital status. The annual budget for salary adjustment is about 2% or more (the Company's operating performance is according to financial indicators (such as the achievement rates of operating revenue, profits before income tax, and profits after the income tax) and non-financial indicators (such as the performance such as the compliance of laws and regulations of belonging departments and major deficiencies in operational risk issues.)) The salaries are adjusted to be in line with the market levels and based on the principle of fairness. As of the employees' bonus, it is determined based on their positions and performance as encouragement. The vision is for employees to work as a team with the Company for mutual benefits and common prosperity to achieve the sustainable business operation.
- (4)The Company has defined retirement pension plans in accordance with the Labor Standards Act for the employees recruited before July 1, 2005. The retirement pension for employees is based on their number of working years. The Company contributes monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. When employees retire, the pension is directly paid by the fund. For the employees hired after July 1, 2005 or existing employees choosing to go with the new pension plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance.

(5)The annual training program is shown in the following table:

Category	Audience	Training Content	Hours
1. Management Skills	1. Senior Executives (CEO, Vice President, etc.)	Globalized trend of agriculture and livestock food industry, CP Group's vision and business strategy, E-management advantages, Enterprise Resource Planning (ERP) integration.	36
	2. Middle-rank supervisors (Managers, Division heads, etc.)	CP Group vision and business strategy, ERP integration, Operating processes and Importation of electronic form management system.	36
	3. Grassroots supervisors (Section heads, management trainee)	T.W.C quality management, Project management, Cost control management, and Electronized Standard Operating Procedure (SOP) management.	72
	4. Salesmen/Planning staff	CP Group vision and business strategy, Electronized business management (visit plans, customer development, analysis of accounts receivable and sales, and relevant real-time information), Credit management, and Sales management.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Policies, Operating processes, and Establishment and importation of electronic form management system.	72
2. Professional Skills	1. Senior Executives (CEO, Vice President, etc.)	Economy cycle and trend of Taiwan's agriculture and husbandry products, Industrial competitiveness strategic analysis (prices/products/channels/promotions), Electronic real-time information website, and Establishment of online learning system	96
	2. Middle-rank supervisors (Managers, Division heads, etc.)	Establishment and use of related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	96
	3. Grassroots supervisors (Section heads, management trainee)	Related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	72
	4. Salesmen/ Planning staff	Related professional knowledge, such as marketing proposal planning, product FABE, sales skills, business regulations, etc.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Related professional knowledge for the dedicated Dept.	72

2. Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act) :

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Mar.24, 2023~ Mar.20, 2024	No. 1120192917	Labor Standards Act, Article 32, Paragraph 2.	Total number of overtime exceeded the regulated hours a month.	Penalty of NT\$240,000.
Feb.14, 2023 ~Jan. 2, 2024	No. 1110192737, etc.	Labor Standards Act, Article 36, Paragraph 1.	Did not have one day off as a regular leave every seven days.	Penalty of NT\$120,000.
Jan. 2, 2024	No. 1130006953	Labor Standards Act, Article 30, Paragraph 5..	Did not follow the regulations to pay overtime wages.	Penalty of NT\$90,000.
Jan. 2, 2024	No. 1130006961	Labor Standards Act, Article 38,	Extended working hours without increasing wages as required	Penalty of NT\$20,000.

VI. Cyber security management:

1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(1) Cyber security risk management framework

A secure information environment is not only composed of information technology and equipment, but also requires the information department and all employees to thoroughly implement information security policies to form an information security risk management framework. The Company's cyber security organization is as follows:

- A. The information department is managed by CFO. When any information security problems happened, it will be reported to the CFO.
- B. The Information department is divided into network/hardware management team and application development team.
- C. The application development team is responsible for the maintenance and development of the ERP systems.
- D. The network/hardware management team is responsible for information security of network, maintenance of hardware-related equipment, and management of user account password. As the information security management personnel, it is responsible for monitoring cyber security equipment and handling cyber security incidents.

(2) Cyber security policies

- A. Implement employee account password management and regularly change password to strengthen publicity information security. The system enforces a 90-day requirement for employees to change their passwords.
- B. Ensure the application software sets usage rights for different levels to avoid information leakage.
- C. Monitor the abnormal information generated by the firewall and SPAM at any time, and establish a processing mechanism. The abnormal information of the firewall and SPAM equipment is sent to the administrator's mailbox at any time.
- D. Update virus patterns, OS and application security in real time, and monitor and manage them. The virus pattern of the host updates synchronized every 1 hour, the virus pattern of the client updates synchronized every 30 minutes, the host OS and application security updates - the update synchronization is automatically checked every night.

- E. Establish a database backup mechanism and a file server backup mechanism to ensure data security. , DB and file server hosts automatically schedule backups to NAS and tape every night.

(3) Cyber security management programs

The processing flow of abnormal cyber security equipment

A. Firewall and network traffic monitoring

Check firewall status and adjust external intrusion and internal exception control settings from the firewall management interface. Monitor the network traffic management interface, block the abnormal computer network and check the software usage of this computer to eliminate it immediately.

B. SPAM monitoring (spam blocking host)

Check the email messages sent by the SPAM host to determine the processing status of the software and hardware, and remove them through the management interface or contact the original factory personnel for disposal.

C. Regular inspection of software and equipment safety

Operating system and antivirus software security update: The service provider regularly visits the factory every two months to perform host status check and software update services, and provides telephony remote processing services for special situations.

VPN equipment security: arrange service providers to check and update security every quarter. When equipment disconnection, abnormality or update occurs, the service provider will immediately send SMS and Mail notification and deal with it. Once the situation is eliminated, immediately call, SMS and Mail Feedback completion information.

(4) Investments in resources for cyber security management, Information security publicity content

A. Collection and Use of Personal Information

- a. The service information provided in accordance with personal work duties will not be arbitrarily disclosed to other third parties.
- b. When using the company's network system, the following information will be automatically collected: date and time, the URL of the webpage retrieved, and the action of accessing the network. This information may be used to improve the company's network traffic performance.
- c. For the above behaviors, the online behaviors that cause a heavy load on the company's network traffic will be monitored.

B. Information Security Responsibilities and Education and Training

- a. For those who handle confidential information and those who need to be given system management authority due to work needs, properly divide labor, decentralize power and responsibilities, establish an evaluation and assessment system, and establish a mutual support system for personnel as needed.
- b. The resigned employees should immediately notify the computer center and cancel all permissions to use various system resources.
- c. On the basis of roles and functions, for different levels of personnel, conduct information security education, training and publicity according to actual needs, so that employees can understand the importance of information security, various possible security risks, improve employees' information security awareness, and promote their Comply with information security regulations.

C. Information Security Operations and Protection

- a. Establish operating procedures for handling information security incidents, and assign necessary responsibilities to relevant personnel so as to handle

information security incidents quickly and effectively.

- b. Establish a change management notification mechanism for information facilities and systems to avoid loopholes in system security.
- c. Establish system backup equipment, and regularly perform necessary data and software backups, so that operations can be quickly restored in the event of disasters or storage media failures.

D. Network Security Management

- a. For the outlets connected to the external network, set up firewalls to control the data transmission and resource access of the external and internal networks, and perform rigorous identification operations.
- b. Confidential and sensitive information or documents shall not be stored in the information system open to the outside world, and confidential documents shall not be transmitted by e-mail.
- c. Regularly conduct anti-virus checks on internal network hosts and personal computers, and regularly update the virus patterns of the anti-virus system, as well as various security measures.

E. System Access Management

- a. According to the operating system and security management requirements, formulate the password issuance and change procedures and make records.
- b. When logging in to each operating system, according to the system access authority necessary for personnel at all levels to perform their tasks, the information room system administrator shall set up the account and password to grant the authority, and update it regularly.

- (5) List any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Technical service agreement	Charoen Pokphand Group Co., Ltd.	1996/01~the date any of two parties intend to end the agreement.	Consulting for feed manufacturing, livestock raising, etc.	Non-disclosure of technic
Technical service agreement	Charoen Pokphand Group Co., Ltd.	The year-end of 2020 ~effective for 5years	Consulting for livestock raising	Non-disclosure of technic
Trademark licensing agreement	Charoen Pokphand Group Co., Ltd.	The year-end of 2020 ~effective for 5years	Authorizing to use Trademark “CP”	
Medium and long term loan	Taiwan Cooperative Bank	2020/12~2030/12	Medium and long term mortgage loan	
Medium and long term loan	Chang Hwa Bank	2019/04~2034/04	Medium and long term mortgage loan	
Medium and long term loan	Agricultural Bank of Taiwan	2020/09~2037/04	Medium and long term mortgage loan	
Medium and long term loan	Bank of Taiwan	2020/11~2030/10	Medium and long term mortgage loan	
Medium and long term loan	CTBC Bank	2021/04~2031/04	Medium and long term mortgage loan	

Financial Information

I. Five-Year Financial Summary

1. Condensed Balance Sheet

Consolidated Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2024 (Note2)
		2019	2020	2021	2022	2023	
Current Assets		6,846,284	5,688,632	6,967,768	8,710,779	8,048,171	7,940,761
Property, Plant and Equipment		8,767,246	10,896,118	12,471,603	13,789,365	15,332,016	15,548,429
Intangible Assets		13,833	174	3,530	3,155	35,216	30,643
Other Assets		3,022,998	2,961,425	3,734,571	3,890,446	3,954,394	3,782,381
Total Assets		18,650,361	19,546,349	23,177,472	26,393,745	27,369,797	27,302,214
Current Liabilities	Before Allocation	6,450,161	5,840,107	7,007,632	8,875,035	8,103,762	8,002,314
	After Allocation	7,522,125	7,046,066	8,079,596	9,906,800	(Note3)	(Note3)
Non-current Liabilities		3,573,206	4,972,756	7,576,833	8,030,946	9,043,618	8,824,088
Total Liabilities	Before Allocation	10,023,367	10,812,863	14,584,465	16,905,981	17,147,380	16,826,402
	After Allocation	11,095,331	12,018,822	15,656,429	17,937,746	(Note3)	(Note3)
Equity attributable to owners of the parent		7,922,332	8,304,986	8,129,092	8,996,968	9,753,324	9,955,054
Common Stock		2,679,910	2,679,910	2,679,910	2,947,901	2,947,901	2,947,901
Capital Surplus		2,137	3,957	4,666	6,640	10,534	10,458
Retained Earnings	Before Allocation	3,641,000	4,212,921	4,377,398	4,895,278	6,127,471	6,494,841
	After Allocation	2,569,036	3,006,962	3,305,434	3,863,513	(Note3)	(Note3)
Other Equity		1,599,285	1,408,198	1,067,118	1,147,149	667,418	501,854
Treasury Shares		0	0	0	0	0	0
Non-controlling interest		704,662	428,500	463,915	490,796	469,093	520,758
Total Equity	Before Allocation	8,626,994	8,733,486	8,593,007	9,487,764	10,222,417	10,475,812
	After Allocation	7,555,030	7,527,527	7,521,043	8,455,999	(Note3)	(Note3)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.

Note2: Financial information regarding the first quarter of 2024 has been verified by independent auditors.

Note3: The Proposal of Distribution of 2023 Profits has not resolved yet by Annual General Shareholders' Meeting.

Parent Company Only Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial Summary for The Last Five Years (Note1)					As of March, 31, 2024
		2019	2020	2021	2022	2023	
Current Assets		5,030,282	5,002,348	6,366,754	7,815,243	7,248,191	NA
Property, Plant and Equipment		7,752,623	9,237,343	10,267,826	11,388,585	12,919,837	
Intangible Assets		592	171	3,476	3,126	35,210	
Other Assets		3,943,793	3,529,896	4,199,847	4,397,963	4,573,808	
Total Assets		16,727,290	17,769,758	20,837,903	23,604,917	24,777,046	
Current Liabilities	Before Allocation	5,603,223	5,051,226	6,144,676	7,831,700	7,122,744	
	After Allocation	6,675,187	6,257,185	7,216,640	8,863,465	(Note1)	
Non-current Liabilities		3,201,735	4,413,546	6,564,135	6,776,249	7,900,978	
Total Liabilities	Before Allocation	8,804,958	9,464,772	12,708,811	14,607,949	15,023,722	
	After Allocation	9,876,922	10,670,731	13,780,775	15,639,714	(Note1)	
Equity attributable to owners of the parent		7,922,332	8,304,986	8,129,092	8,996,968	9,753,324	
Common Stock		2,679,910	2,679,910	2,679,910	2,947,901	2,947,901	
Capital Surplus		2,137	3,957	4,666	6,640	10,534	
Retained Earnings	Before Allocation	3,641,000	4,212,921	4,377,398	4,895,278	6,127,471	
	After Allocation	2,569,036	3,006,962	3,305,434	3,863,513	(Note1)	
Other Equity		1,599,285	1,408,198	1,067,118	1,147,149	667,418	
Treasury Shares		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total Equity	Before Allocation	7,922,332	8,304,986	8,129,092	8,996,968	9,753,324	
	After Allocation	6,850,368	7,099,027	7,057,128	7,965,203	(Note1)	

Note1: The Proposal of Distribution of 2023 Profits has not resolved yet by Annual General Shareholders' Meeting.

2. Statements of Comprehensive Income

Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$1,000

Item	Year	Financial Summary of the Last Five Years (Note1)					As of March 31, 2024 (Note2)
		2019	2020	2021	2022	2023	
Operating Revenue		21,173,634	22,189,635	24,841,345	28,959,220	29,159,749	6,912,107
Net Operating Margin		3,022,377	3,524,723	3,400,226	3,876,777	5,002,004	1,089,703
Operating Profit		1,459,297	1,898,598	1,591,540	2,003,679	2,927,334	514,122
Non-operating Income and Expenses		743,733	150,601	53,210	(75,436)	(112,421)	(50,429)
Profit before Income Tax		2,203,030	2,049,199	1,644,750	1,928,243	2,814,913	463,693
Profit from Continuing Operations		1,822,607	1,642,126	1,313,657	1,550,174	2,256,436	370,035
Profit from Discontinued Operations		776	(2,250)	0	0	0	0
Profit for the period		1,823,383	1,639,876	1,313,657	1,550,174	2,256,436	370,035
Other Comprehensive Income (Loss) for the period		328,484	(204,431)	(325,316)	115,210	(482,865)	(165,564)
Comprehensive Income for the period		2,151,867	1,435,445	988,341	1,665,384	1,773,571	204,471
Profit, attributable to owners of parent		1,463,926	1,657,082	1,355,652	1,555,380	2,268,965	369,093
Profit, attributable to non-controlling interest		359,457	(17,206)	(41,995)	(5,206)	(12,529)	942
Comprehensive Income, attributable to owners of parent		1,793,844	1,452,798	1,029,939	1,669,875	1,785,872	203,529
Comprehensive Income, attributable to non-controlling interest		358,023	(17,353)	(41,598)	(4,491)	(12,301)	942
Earnings per Share (NT\$) (Note3)	Before Retroactive	5.46	6.18	5.06	5.28	7.70	1.25
	After Retroactive	5.46	6.18	4.60	5.28	(Note4)	(Note4)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.

Note2: Financial information regarding the first quarter of 2024 has been verified by independent auditors.

Note3: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note4: The Proposal of Distribution of 2023 Profits has not resolved yet by Annual General Shareholders' Meeting.

Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT\$1,000

Item	Year	Financial Summary of the Last Five Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Operating Revenue		20,173,520	21,160,706	23,272,864	26,895,450	27,235,093	NA
Net Operating Margin		2,820,707	3,394,442	3,236,672	3,640,525	4,781,126	
Operating Profit		1,423,849	1,948,668	1,676,468	2,003,193	2,938,887	
Non-operating Income and Expenses		317,375	117,863	21,895	(72,921)	(111,607)	
Profit before Income Tax		1,741,224	2,066,531	1,698,363	1,930,272	2,827,280	
Profit from Continuing Operations		1,463,926	1,657,082	1,355,652	1,555,380	2,268,965	
Profit from Discontinued Operations		0	0	0	0	0	
Profit for the period		1,463,926	1,657,082	1,355,652	1,555,380	2,268,965	
Other Comprehensive Income (Loss) for the period		329,918	(204,284)	(325,713)	114,495	(483,093)	
Comprehensive Income for the period		1,793,844	1,452,798	1,029,939	1,669,875	1,785,872	
Profit, attributable to owners of parent		1,463,926	1,657,082	1,355,652	1,555,380	2,268,965	
Profit, attributable to non-controlling interest		-	-	-	-	-	
Comprehensive Income, attributable to owners of parent		1,793,844	1,452,798	1,029,939	1,669,875	1,785,872	
Comprehensive Income, attributable to non-controlling interest		-	-	-	-	-	
Earnings per Share (NT\$) (Note1)	Before Retroactive	5.46	6.18	5.06	5.28	7.70	
	After Retroactive	5.46	6.18	4.60	5.28	(Note2)	

Note1: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note2: The Proposal of Distribution of 2023 Profits has not resolved yet by Annual General Shareholders' Meeting.

3. Auditors' Name and Opinions from 2019 to 2023

Year	CPA		Audit Opinions
2023	Yi-Fan Lin	Fu-Ming Liao	With Unqualified Opinions
2022	Yi-Fan Lin	Fu-Ming Liao	With Unqualified Opinions
2021	Fu-Ming Liao	Yi-Fan Lin	With Unqualified Opinions
2020	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2019	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions

II. Five-Year Financial Analysis

Consolidated Financial Analysis

Analysis Item		Year	Financial Analysis of the Last Five Years					As of March 31, 2024 (Note1)
		2019	2020	2021	2022	2023		
Financial Structure (%)	Debt Ratio	53.74	55.32	62.93	64.05	62.65	61.63	
	Ratio of long-term capital to property, plant and equipment	139.16	125.79	129.65	127.05	125.66	124.13	
Solvency (%)	Current ratio	106.14	97.41	99.43	98.15	99.31	99.23	
	Quick ratio	77.46	67.25	66.83	63.66	65.46	66.20	
	Interest earned ratio	26.98	24.64	17.13	12.38	12.36	7.73	
Operating Performance	Accounts receivable turnover (times)	9.10	10.25	9.83	9.52	9.31	9.08	
	Average collection period	40	36	37	38	39	40	
	Inventory turnover (times)	12.48	12.75	13.33	11.03	9.55	9.53	
	Accounts payable turnover (times)	14.18	14.91	15.68	16.16	14.42	15.41	
	Average days in sales	29	29	27	33	38	38	
	Property, plant and equipment turnover (times)	2.58	2.26	2.13	2.21	2.00	1.79	
	Total assets turnover (times)	1.23	1.16	1.16	1.17	1.08	1.01	
Profitability	Return on total assets (%)	10.96	8.91	6.46	6.73	9.01	1.52	
	Return on owners' equity (%)	22.96	18.89	15.16	17.15	22.90	3.58	
	Ratio of profit before income tax to paid-in capital (%)	82.21	76.47	61.37	65.41	95.49	15.73	
	Profit margin (%)	8.61	7.39	5.29	5.35	7.74	5.35	
	Earnings per share (NT\$)(Note2)	Before Retroactive	5.46	6.18	5.06	5.28	7.70	1.25
		After Retroactive	5.46	6.18	4.60	5.28	(Note3)	(Note3)
Cash Flows	Cash flow ratio (%)	30.39	40.95	9.98	15.80	51.09	7.19	
	Cash flow adequacy ratio (%)	55.70	57.62	41.66	39.84	52.81	62.06	
	Cash reinvestment ratio (%)	7.35	7.44	(2.47)	2.67	12.55	2.30	
Leverage	Operating leverage	2.67	2.53	2.97	2.70	2.32	3.06	
	Financial leverage	1.05	1.04	1.05	1.08	1.08	1.12	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. The increase in Return on total assets, return on shareholders, operating profit and profit before income tax to Ratio of profit before income tax to paid-in capital, profit margin and earnings per share is due to the increase in the Group's operating profit Non-operating income, profit before income tax and profit for the year in 2023 compared with the same period in 2022 Both increased by 46%. It is explained as follows:
 - (1) In terms of cost control: In recent years, the group has continued to promote the vertical integration of upstream, midstream and downstream industrial chains such as feed, breeding, slaughtering and processing, effectively reducing production costs such as feeding. This is supplemented by the Group's raw material procurement advantages to reduce raw material procurement costs.
 - (2) In terms of market price: As the market price of poultry and livestock meat is affected by diseases and reduced supply, the average market price increase is about 10%.
 - (3) The Group's profit has increased in 2023. In addition to the appropriate cost control and the increase in market prices, the Group has invested an average of 2 billion dollars in fixed assets every year in recent years to expand production capacity and strive to develop various new products and for various brand promotions have increased profits in 2023.
2. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio is due to the increase in net cash flow from operating activities, the decrease in current liabilities, and the increase in investment in plant equipment and long-term investment. (For the related explanations refer to page 233 of Liquidity Analysis for the last two years)
3. The Degree of Operating Leverage has been reduced in 2023, the overall poultry, livestock and meat market was affected by the external environment, and the market price rose accordingly, and profits also increased.

Parent Company Only Financial Analysis

Year		Financial Analysis of the Last Five Years					As of March 31, 2024 (Note1)
		2019	2020	2021	2022	2023	
Analysis Item							
Financial Structure (%)	Debt ratio	52.64	53.26	60.99	61.89	60.64	NA
	Ratio of long-term capital to property, plant and equipment	143.49	137.69	143.10	138.50	136.64	
Solvency (%)	Current ratio	89.77	99.03	103.61	99.79	101.76	
	Quick ratio	59.40	67.34	69.18	63.19	66.44	
	Interest earned ratio	23.49	28.40	20.82	14.43	14.30	
Operating Performance	Accounts receivable turnover (times)	10.02	10.47	10.06	9.70	9.56	
	Average collection period	36	35	36	38	38	
	Inventory turnover (times)	13.60	13.20	13.72	11.06	9.64	
	Accounts payable turnover (times)	16.19	15.08	16.15	17.08	15.41	
	Average days in sales	27	28	27	33	38	
	Property, plant and equipment turnover (times)	2.74	2.49	2.39	2.48	2.24	
	Total assets turnover (times)	1.29	1.23	1.21	1.21	1.13	
Profitability	Return on total assets(%)	9.74	9.93	7.32	7.47	10.00	
	Return on owners' equity(%)	19.71	20.42	16.50	18.16	24.20	
	Ratio of profit before income tax to paid-in capital(%)	64.97	77.11	63.37	65.48	95.91	
	Profit margin (%)	7.26	7.83	5.83	5.78	8.33	
	Earnings per share (NT\$)(Note2)	Before Retroactive	5.46	6.18	5.06	5.28	
After Retroactive		5.46	6.18	4.60	5.28	(Note3)	
Cash Flows	Cash flow ratio (%)	29.36	49.73	11.78	18.07	56.82	
	Cash flow adequacy ratio (%)	55.93	62.70	46.06	43.99	57.34	
	Cash reinvestment ratio (%)	5.80	8.69	(2.55)	2.99	13.21	
Leverage	Operating leverage	2.69	2.32	2.65	2.52	2.18	
	Financial leverage	1.06	1.04	1.05	1.07	1.07	
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <ol style="list-style-type: none"> The increase in Return on total assets, return on shareholders, operating profit and profit before income tax to Ratio of profit before income tax to paid-in capital, profit margin and earnings per share is due to the increase in the Company's operating profit Non-operating income, in addition to cost control and benefiting from the increase in market prices, the company has continued to increase investment in fixed assets every year in recent years and to expand production capacity and strive to develop various new products and for various brand promotions have increased profits in 2023. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio is due to the increase in net cash flow from operating activities, the decrease in current liabilities, and the increase in investment in plant equipment and long-term investment. (For the related explanations refer to page 233 of Liquidity Analysis for the last two years) . The Degree of Operating Leverage has been reduced in 2023, the overall poultry, livestock and meat market was affected by the external environment, and the market price rose accordingly, and profits also increased. 							

Note1: Financial information regarding the first quarter of 2024 has been verified by independent auditors.

Note2: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note3: The Proposal of Distribution of 2023 Profits has not resolved yet by Annual General Shareholders' Meeting.

Note4: 1. Financial Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency Analysis

(1) Current ratio = Current Assets / Current Liabilities

(2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest earned ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Accounts receivable turnover (including accounts receivable and notes receivable related to operations) = Net Sales / Average Accounts Receivable (including accounts receivables and notes receivables related to operations).

(2) Average collection period = 365 / Accounts receivable Turnover

(3) Inventory turnover = Cost of Sales / Average Inventory

(4) Accounts payable turnover (including accounts payable and notes payable related to operations) = Cost of Sales / Average Accounts Payables (including accounts payable and notes payable related to operations).

(5) Average days in sales = 365 / Inventory Turnover

(6) Property, plant and equipment turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total assets turnover (times) = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on total assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on owners' equity = Net Income / Average Total Equity

(3) Profit margin = Net Income / Net Sales

(4) Earnings per share = (Profits Attributable to Owners of Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note5)

5. Cash Flows Analysis

(1) Cash flow ratio = Cash Flows from Operating Activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year Sum of Net Cash Flows from Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash reinvestment ratio = (Net Cash Flows from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capita) (Note6)

6. Leverage Analysis

(1) Operating leverage = (Net Sales - Variable Cost) / Operating Profit (Note7)

(2) Financial leverage = Operating Profits / (Operating Profits - Interest Expenses)

Note 5: The following shall be noted when using the above formula for earnings per share:

(1) It should be based on the weighted average number of shares of common stock rather than the number of issued shares at the end of the year.

(2) When there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

(3) In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

(4) If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from net profit after tax, or added to net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from net profit after tax; no adjustment is required in case of loss.

Note 6: Special attention should be paid to the following matters when carrying out cash flow analysis:

(1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

(2) Capital expenditures refer to the cash outflows for annual capital investment.

(3) The increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.

(4) Cash dividend includes cash dividends from common stocks and preferred stocks.

(5) Gross property, plant and equipment value refers to the total value of property, plant and equipment before subtracting accumulated depreciation.

Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable according to their nature. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency.

Note 8: Where company shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-up capital ratio shall be replaced with the equity ratio attributable to the owners of the parent company as stated in the balance sheet.

III. Audit Committee's Report for the Most Recent Year

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Audit Committee's Review Report

The Board of Directors has submitted the Company's Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings for the year 2023 to Audit Committee. The CPA firm of PricewaterhouseCoopers, Taiwan had audited the Financial Statements and issued the Audit Report. The aforementioned Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings had been reviewed by the Audit Committee and deemed that it is complied with the Company Act, related laws and regulations. In accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of the Company Act, we hereby submit the report.

To:

The 2024 Annual General Shareholders' Meeting of the Company

Convener of Audit Committee: Li, Yen Sung

Date: May 6, 2024

IV. Consolidated Financial Statements for the Years Ended December 31, 2023, and Independent Auditors' Report : Please refer to page 79-155.

V. Parent Company Only Financial Statements for the Years Ended December 31, 2023, and Independent Auditors' Report: Please refer to page 156-221.

VI. Financial Difficulties of the Company and its Affiliates during the most recent year and as of the date of publication of the Annual Report:
None.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of

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China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Evaluation of net realisable value of inventories

Description

Refer to Note 4(13) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(5) for details of inventories. As at December 31, 2023, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$2,400,181 thousand and NT\$21,309 thousand, respectively.

The main activities of the Group are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement,

and considering that feeds, fresh and processed meat products comprise most of the Group's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories, and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at the balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of related procedures and policies.

Measurement of biological assets

Description

Refer to Note 4(15) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(6) for details of biological assets. As at December 31, 2023, the carrying amount of biological assets amounted to NT\$2,530,206 thousand.

The Group's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh,

processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated the source data of active market prices and the reasonableness of the major components of costs to sell.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Lin, Yi-Fan



Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 275,585	1	\$ 311,085	1
1150	Notes receivable, net	6(4)	358,295	1	411,234	2
1160	Notes receivable due from related parties, net	7	1,558	-	2,756	-
1170	Accounts receivable, net	6(4)	2,577,965	10	2,730,874	10
1180	Accounts receivable - related parties	7	74,101	-	66,171	-
1200	Other receivables		18,848	-	54,377	-
1210	Other receivables - related parties	7	43	-	228	-
1220	Current income tax assets		-	-	6,284	-
130X	Inventories, net	6(5)	2,378,872	9	2,648,075	10
1400	Biological assets - current	6(6)	1,988,992	7	2,057,573	8
1410	Prepayments		364,262	1	412,472	2
1470	Other current assets	6(1) and 8	9,650	-	9,650	-
11XX	Total current assets		<u>8,048,171</u>	<u>29</u>	<u>8,710,779</u>	<u>33</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,620,673	10	2,659,785	10
1550	Investments accounted for using equity method	6(7)	91,399	-	94,713	-
1600	Property, plant and equipment, net	6(8) and 8	15,332,016	56	13,789,365	52
1755	Right-of-use assets	6(9)	355,367	1	366,762	1
1780	Intangible assets	6(10)	35,216	-	3,155	-
1830	Biological assets - non-current	6(6)	541,214	2	502,089	2
1840	Deferred income tax assets	6(27)	185,953	1	130,607	1
1900	Other non-current assets		159,788	1	136,490	1
15XX	Total non-current assets		<u>19,321,626</u>	<u>71</u>	<u>17,682,966</u>	<u>67</u>
1XXX	Total assets		<u>\$ 27,369,797</u>	<u>100</u>	<u>\$ 26,393,745</u>	<u>100</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 3,561,041	13	\$ 4,265,097	16
2110	Short-term notes and bills payable	6(12)	1,028,150	4	987,963	4
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	11,791	-
2150	Notes payable		738,747	3	681,467	3
2160	Notes payable - related parties	7	25,465	-	13,389	-
2170	Accounts payable		846,988	3	1,002,088	4
2180	Accounts payable - related parties	7	23,300	-	19,185	-
2200	Other payables	6(13)	1,084,003	4	895,378	3
2220	Other payables - related parties	7	12,254	-	30,574	-
2230	Current income tax liabilities		387,605	2	228,618	1
2280	Current lease liabilities		30,721	-	35,888	-
2320	Long-term liabilities, current portion	6(14) and 8	365,488	1	703,597	3
21XX	Total current liabilities		<u>8,103,762</u>	<u>30</u>	<u>8,875,035</u>	<u>34</u>
Non-current liabilities						
2540	Long-term borrowings	6(14) and 8	8,676,756	32	7,639,663	29
2570	Deferred income tax liabilities	6(27)	44,639	-	43,046	-
2580	Non-current lease liabilities		298,413	1	308,529	1
2600	Other non-current liabilities	6(15)	23,810	-	39,708	-
25XX	Total non-current liabilities		<u>9,043,618</u>	<u>33</u>	<u>8,030,946</u>	<u>30</u>
2XXX	Total liabilities		<u>17,147,380</u>	<u>63</u>	<u>16,905,981</u>	<u>64</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(16)	2,947,901	11	2,947,901	11
Capital surplus						
3200	Capital surplus	6(17)	10,534	-	6,640	-
Retained earnings						
3310	Legal reserve	6(18)	1,340,668	5	1,181,684	5
3350	Unappropriated retained earnings		4,786,803	17	3,713,594	14
Other equity interest						
3400	Other equity interest		667,418	2	1,147,149	4
31XX	Equity attributable to owners of the parent		<u>9,753,324</u>	<u>35</u>	<u>8,996,968</u>	<u>34</u>
36XX	Non-controlling interest		469,093	2	490,796	2
3XXX	Total equity		<u>10,222,417</u>	<u>37</u>	<u>9,487,764</u>	<u>36</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 27,369,797</u>	<u>100</u>	<u>\$ 26,393,745</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 29,159,749	100	\$ 28,959,220	100
5000	Operating costs	6(5)(25)(26) and 7	(24,157,745)	(83)	(25,082,443)	(87)
5950	Net operating margin		<u>5,002,004</u>	<u>17</u>	<u>3,876,777</u>	<u>13</u>
	Operating expenses	6(25)(26) and 7				
6100	Selling and marketing expenses		(1,279,208)	(4)	(1,151,245)	(4)
6200	General and administrative expenses		(809,638)	(3)	(750,752)	(2)
6450	Expected credit impairment (loss) gain	12(2)	(23,734)	-	7,390	-
6000	Total operating expenses		(2,112,580)	(7)	(1,894,607)	(6)
6500	Other income and expenses, net	6(6)(20)	<u>37,910</u>	-	<u>21,509</u>	-
6900	Operating profit		<u>2,927,334</u>	<u>10</u>	<u>2,003,679</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(21)	2,741	-	711	-
7010	Other income	6(22) and 7	49,494	-	74,880	-
7020	Other gains and losses	6(23) and 7	47,252	-	1,853	-
7050	Finance costs	6(24)	(208,594)	-	(147,433)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(3,314)	-	(5,447)	-
7000	Total non-operating income and expenses		(112,421)	-	(75,436)	(1)
7900	Profit before income tax		<u>2,814,913</u>	<u>10</u>	<u>1,928,243</u>	<u>6</u>
7950	Income tax expense	6(27)	(558,477)	(2)	(378,069)	(1)
8200	Profit for the year		<u>\$ 2,256,436</u>	<u>8</u>	<u>\$ 1,550,174</u>	<u>5</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial (loss) gain on defined benefit plans	6(15)	(\$ 3,917)	-	\$ 43,974	-
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income		(511,811)	(2)	(74,167)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	34,876	-	(15,015)	-
8310	Other comprehensive loss that will not be reclassified to profit or loss		(480,852)	(2)	(45,208)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Currency translation differences of foreign operations		(2,013)	-	160,418	1
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(2,013)	-	160,418	1
8300	Total other comprehensive (loss) income for the year		(\$ 482,865)	(2)	\$ 115,210	1
8500	Total comprehensive income for the year		\$ 1,773,571	6	\$ 1,665,384	6
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 2,268,965	8	\$ 1,555,380	5
8620	Non-controlling interest		(12,529)	-	(5,206)	-
			\$ 2,256,436	8	\$ 1,550,174	5
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 1,785,872	6	\$ 1,669,875	6
8720	Non-controlling interest		(12,301)	-	(4,491)	-
			\$ 1,773,571	6	\$ 1,665,384	6
Earnings per share (in dollars) 6(28)						
9750	Basic earnings per share		\$ 7.70		\$ 5.28	
9850	Diluted earnings per share		\$ 7.69		\$ 5.27	

The accompanying notes are an integral part of these consolidated financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Retained Earnings			Other Equity Interest					
Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
<u>2022</u>										
	Balance at January 1, 2022	\$ 2,679,910	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092	\$ 463,915	\$ 8,593,007
	Profit (loss) for the year	-	-	-	1,555,380	-	-	1,555,380	(5,206)	1,550,174
	Other comprehensive income (loss)	-	-	-	34,464	160,418	(80,387)	114,495	715	115,210
	Total comprehensive income (loss)	-	-	-	1,589,844	160,418	(80,387)	1,669,875	(4,491)	1,665,384
	Appropriations of 2021 earnings									
	Legal reserve	-	-	137,043	(137,043)	-	-	-	-	-
	Cash dividends	-	-	-	(803,973)	-	-	(803,973)	-	(803,973)
	Stock dividends	267,991	-	-	(267,991)	-	-	-	-	-
	Capital surplus - dividends not received by shareholders	-	1,974	-	-	-	-	1,974	-	1,974
	Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	49,000	49,000
	Change in non-controlling interests	-	-	-	-	-	-	-	(17,628)	(17,628)
	Balance at December 31, 2022	\$ 2,947,901	\$ 6,640	\$ 1,181,684	\$ 3,713,594	(\$ 8,794)	\$ 1,155,943	\$ 8,996,968	\$ 490,796	\$ 9,487,764
<u>2023</u>										
	Balance at January 1, 2023	\$ 2,947,901	\$ 6,640	\$ 1,181,684	\$ 3,713,594	(\$ 8,794)	\$ 1,155,943	\$ 8,996,968	\$ 490,796	\$ 9,487,764
	Profit (loss) for the year	-	-	-	2,268,965	-	-	2,268,965	(12,529)	2,256,436
	Other comprehensive income (loss)	-	-	-	(3,362)	(2,013)	(477,718)	(483,093)	228	(482,865)
	Total comprehensive income (loss)	-	-	-	2,265,603	(2,013)	(477,718)	1,785,872	(12,301)	1,773,571
	Appropriations of 2022 earnings									
	Legal reserve	-	-	158,984	(158,984)	-	-	-	-	-
	Cash dividends to shareholders	-	-	-	(1,031,765)	-	-	(1,031,765)	-	(1,031,765)
	Capital surplus - dividends not received by shareholders	-	1,758	-	-	-	-	1,758	-	1,758
	Cash dividends to non-controlling interest	-	-	-	-	-	-	-	(21,047)	(21,047)
	Change in other capital surplus	-	2,136	-	-	-	-	2,136	-	2,136
	Change in ownership interests in subsidiaries	-	-	-	(1,645)	-	-	(1,645)	1,645	-
	Change in non-controlling interests	-	-	-	-	-	-	-	10,000	10,000
	Balance at December 31, 2023	\$ 2,947,901	\$ 10,534	\$ 1,340,668	\$ 4,786,803	(\$ 10,807)	\$ 678,225	\$ 9,753,324	\$ 469,093	\$ 10,222,417

The accompanying notes are an integral part of these consolidated financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,814,913	\$ 1,928,243
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial asset at fair value through profit or loss		(11,791)	11,791
Expected credit impairment loss (gain)	12(2)	23,734	(7,390)
Depreciation	6(8)(25)	978,119	895,140
Depreciation of right-of-use assets	6(9)(25)	63,431	58,994
Amortisation	6(25)	22,326	5,870
Interest income	6(21)	(2,741)	(711)
Interest expense	6(24)	208,594	147,433
Dividend income	6(3)(22)	(37,118)	(66,108)
Provision for (gain on reversal of) loss on inventory	6(5)	11,356	(1,681)
Change in fair value less cost to sell of biological assets	6(6)(20)	(37,910)	(21,509)
Share of profit or loss recognised under equity method	6(7)	3,314	5,447
Gain on disposal of property, plant and equipment	6(23)	(11,641)	(4,392)
Gain arising from lease modifications	6(23)	(856)	(201)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		52,939	4,798
Notes receivable - related parties		1,198	1,195
Accounts receivable		129,175	(352,643)
Accounts receivable - related parties		(7,930)	(10,464)
Other receivables		35,529	(35,712)
Other receivables - related parties		185	(228)
Inventories		257,847	(769,168)
Biological assets		67,366	(478,474)
Prepayments		48,499	(5,043)
Changes in operating liabilities			
Notes payable		57,280	176,692
Notes payable - related parties		12,076	2,716
Accounts payable		(155,100)	151,588
Accounts payable - related parties		4,115	(2,708)
Other payables		63,919	116,571
Other payables - related parties		(18,320)	3,803
Net defined benefit liability		(19,815)	(19,575)
Cash inflow generated from operations		4,552,693	1,734,274
Cash paid for income tax		(423,479)	(331,756)
Refund of income tax		11,396	-
Net cash flows from operating activities		<u>4,140,610</u>	<u>1,402,518</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 474,837)	\$ -
Acquisition of property, plant and equipment	6(30)	(2,459,906)	(2,255,295)
Proceeds from disposal of property, plant and equipment		74,971	11,245
Acquisition of intangible assets	6(10)	(49,639)	(1,151)
Increase in other non-current assets		(28,046)	(18,803)
Cash receipt of interest		2,741	711
Cash receipt of dividends	6(3)(22)	37,118	66,108
Net cash flows used in investing activities		(2,897,598)	(2,197,185)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(704,056)	964,066
Increase (decrease) in short-term notes and bills payable		40,187	(51,240)
Proceeds from long-term borrowings		11,330,000	8,758,510
Payment of long-term borrowings		(10,631,016)	(7,784,750)
Payment of lease liabilities	6(9)	(66,463)	(54,840)
Cash payment for interest		(208,371)	(143,856)
Cash dividends paid	6(18)	(1,031,765)	(803,973)
Cash receipt from non-controlling interest of a subsidiary through capital increase		10,000	49,000
Cash dividends paid to non-controlling interest		(21,047)	(17,628)
Capital surplus - dividends not received by shareholders		-	1,974
Capital surplus - dividends not received by shareholders and others		3,894	-
Net cash flows (used in) from financing activities		(1,278,637)	917,263
Effects of changes in foreign exchange rate		125	1,481
Net (decrease) increase in cash and cash equivalents		(35,500)	124,077
Cash and cash equivalents at beginning of year	6(1)	311,085	187,008
Cash and cash equivalents at end of year	6(1)	\$ 275,585	\$ 311,085

The accompanying notes are an integral part of these consolidated financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are the manufacture and sales of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. The ultimate parent company, Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, directly and indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (d) Biological assets measured at fair value less costs to sell.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to

the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Management of importing and exporting business	90.00	90.00	
The Company	Arbor Acres (Taiwan) Co., Ltd.	Husbandry, management of chickens to produce breeder chicken and daily chicken	50.00	50.00	Note 1
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	68.00	68.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	Note 2
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of eggs and related business	80.77	75.00	Note 3 Note 4

Note 1: The Company's direct or indirect shareholding ratio does not exceed 50%. However, the Company holds more than half of the seats of the Board of Directors. Thus, the subsidiary was included in the consolidation.

Note 2: Rui Fu Foods Co., Ltd. increased its capital by cash in December 2022, and the Company subscribed ordinary shares proportionately to its ownership in the amount of 5,100,000 shares, equivalent to \$51,000. The registration for the changes had been completed.

Note 3: Sheng Da Foods Co., Ltd. increased its capital by cash in January 2023, and the subsidiary, Rui Fu Foods Co., Ltd., subscribed 6,000,000 ordinary shares for a total amount of \$60,000. The shareholding ratio increased to 81.82% from 75%. The registration for the changes had been completed.

Note 4: Sheng Da Foods Co., Ltd. increased its capital by cash in September 2023, and the subsidiary, Rui Fu Foods Co., Ltd., subscribed 3,000,000 ordinary shares for a total amount of \$30,000. The shareholding ratio decreased to 80.77% from 81.82%. The registration for the changes had been completed.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(14) Investment accounted for using equity method - joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- The amount of the initial measurement of lease liability; and
 - Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an

adjustment to the right-of-use asset.

(17) Intangible assets

Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is measured over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes and accounts payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expired.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells animal feeds, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 180 days, which is consistent with market practice.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$2,378,872.

B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Group has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Group then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2023, the carrying amount of biological assets was \$2,530,206.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 11,119	\$ 10,749
Checking accounts	4,807	4,447
Demand deposits	259,659	295,889
	<u>\$ 275,585</u>	<u>\$ 311,085</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, the Group has restricted cash and cash equivalents pledged as collateral totalling \$9,650, classified as other current financial assets and shown as 'other current assets'. Refer to Note 8 for details.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 11,791</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Derivatives	<u>(\$ 605)</u>	<u>\$ 919</u>

B. The Group entered into contracts relating to derivative financial assets and financial liabilities which were not accounted for under hedge accounting. The information is listed below:

As of December 31, 2023: None.

Current items	December 31, 2022		
	Contract amount (notional principal) (in thousands)		Contract period
Forward foreign exchange contracts			
-Sell NTD buy USD	USD	2,000	2022. 10. 04~2023. 01. 03
-Sell NTD buy USD	USD	2,000	2022. 11. 14~2023. 02. 16
-Sell NTD buy USD	USD	2,000	2022. 10. 27~2023. 02. 03
-Sell NTD buy USD	USD	2,000	2022. 11. 09~2023. 02. 14
-Sell NTD buy USD	USD	1,000	2022. 11. 11~2023. 02. 15
-Sell NTD buy USD	USD	2,000	2022. 10. 04~2023. 01. 06
-Sell NTD buy USD	USD	2,000	2022. 10. 27~2023. 02. 03
-Sell NTD buy USD	USD	2,000	2022. 11. 11~2023. 02. 15

The Group entered into forward foreign exchange contracts to buy forward foreign exchange to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets and financial liabilities at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 1,985,574	\$ 1,510,105
Valuation adjustment	635,099	1,149,680
	<u>\$ 2,620,673</u>	<u>\$ 2,659,785</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 477,718)	(\$ 80,387)
Dividend income recognised in profit or loss held at end of year	\$ 37,118	\$ 66,108

B. The Company and the subsidiary, Plenty Type Limited (Cayman Islands), holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the

Group.

- C. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,620,673 and \$2,659,785 as at December 31, 2023 and 2022, respectively.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 358,295	\$ 411,234
Accounts receivable	\$ 2,609,012	\$ 2,739,261
Less: Allowance for uncollectible accounts	(31,047)	(8,387)
	<u>\$ 2,577,965</u>	<u>\$ 2,730,874</u>

- A. The ageing analysis of accounts and notes receivable is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 2,734,361	\$ 2,977,390
Up to 120 days	212,119	170,223
121 to 365 days	15,926	180
Over one year	4,901	2,702
	<u>\$ 2,967,307</u>	<u>\$ 3,150,495</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,786,873.
- C. The credit quality of accounts receivable was in the following category based on the Group's Credit Quality Control Policy:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With guarantee	\$ 218,358	\$ 277,678
Without guarantee	2,390,654	2,461,583
	<u>\$ 2,609,012</u>	<u>\$ 2,739,261</u>

The Group holds commercial papers, real estate, guarantee deposits and deposits as collateral for accounts receivable.

- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$358,295 and \$411,234, respectively, while the amount that

best represents the Group's accounts receivable were \$2,577,965 and \$2,730,874, respectively.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,235,177	(\$ 186)	\$ 1,234,991
Packing supplies	44,021	(118)	43,903
Work in progress	54,482	-	54,482
Finished goods	1,000,658	(8,382)	992,276
General merchandise	57,691	(12,623)	45,068
Inventory in transit	8,152	-	8,152
	<u>\$ 2,400,181</u>	<u>(\$ 21,309)</u>	<u>\$ 2,378,872</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,587,747	\$ -	\$ 1,587,747
Packing supplies	39,276	(259)	39,017
Work in progress	67,694	-	67,694
Finished goods	906,691	(5,180)	901,511
General merchandise	46,818	(4,514)	42,304
Inventory in transit	9,802	-	9,802
	<u>\$ 2,658,028</u>	<u>(\$ 9,953)</u>	<u>\$ 2,648,075</u>

The cost of inventories recognised as expense for the year:

	For the year ended December 31,	
	2023	2022
Cost of goods sold	\$ 24,145,003	\$ 25,074,410
Loss on (gain on reversal of) decline in market value	11,356	(1,681)
Others	1,386	9,714
	<u>\$ 24,157,745</u>	<u>\$ 25,082,443</u>

A. The cost of goods sold includes the cost of selling biological assets.

B. Others pertain mainly to gain or loss on physical inventory count and loss from disposal of leftovers and scraps.

C. The Group recognised the increase or decrease in cost of goods sold due to the increase or decrease in net realisable value of certain finished goods resulting from the fluctuations in market prices.

(6) Biological assets

A. Biological assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Biological assets - current:		
Consumable biological assets	\$ 1,489,772	\$ 1,580,399
Consumable biological assets - changes in fair value less costs to sell	97,648	59,738
Bearer biological assets	1,153,813	1,031,798
Bearer biological assets - accumulated depreciation	(752,241)	(614,362)
	<u>\$ 1,988,992</u>	<u>\$ 2,057,573</u>
Biological assets - non-current:		
Bearer biological assets	\$ 672,921	\$ 604,654
Bearer biological assets - accumulated depreciation	(131,707)	(102,565)
	<u>\$ 541,214</u>	<u>\$ 502,089</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets are as follows:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 2,559,662	\$ 2,059,679
Purchases	1,553,860	1,573,695
Costs and expenses input	9,301,702	9,288,585
Sales	(4,541,227)	(4,236,324)
Gain on changes in fair value less costs to sell	37,910	21,509
Transferred to inventories	(6,345,677)	(6,133,166)
Others	(36,024)	(14,316)
At December 31	<u>\$ 2,530,206</u>	<u>\$ 2,559,662</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable; the market prices or fair values at present condition of broiler chickens are difficult to obtain during each breeding period due to short production cycle. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate and diseases, etc. Therefore, breeders and broiler chicken are measured using the cost

approach. Cost of biological assets includes all costs incurred during the growth cycle such as costs of new-born animals, feeds, and other farm costs. Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 ~ 52 weeks. For the years ended December 31, 2023 and 2022, depreciation expense on biological assets amounted to \$568,656 and \$481,762, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Livestock production:		
Estimates of physical quantities (Units: heads)	<u>6,035,294</u>	<u>5,806,461</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of chickens and swine. The Group does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Group reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(7) Investment accounted for using equity method – joint ventures

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$91,339 and \$94,713, respectively.

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Loss for the year from continuing operations	(\$ 3,314)	(\$ 5,447)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 3,314)</u>	<u>(\$ 5,447)</u>

(8) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>									
Cost	\$ 3,282,805	\$ 326,303	\$ 5,613,834	\$ 5,124,119	\$ 519,730	\$ 1,036,366	\$ 1,416,229	\$ 2,379,583	\$ 19,698,969
Accumulated depreciation	-	(96,659)	(1,660,864)	(2,567,834)	(250,102)	(740,992)	(593,153)	-	(5,909,604)
	<u>\$ 3,282,805</u>	<u>\$ 229,644</u>	<u>\$ 3,952,970</u>	<u>\$ 2,556,285</u>	<u>\$ 269,628</u>	<u>\$ 295,374</u>	<u>\$ 823,076</u>	<u>\$ 2,379,583</u>	<u>\$ 13,789,365</u>
<u>2023</u>									
Opening net book amount as at January 1	\$ 3,282,805	\$ 229,644	\$ 3,952,970	\$ 2,556,285	\$ 269,628	\$ 295,374	\$ 823,076	\$ 2,379,583	\$ 13,789,365
Additions	15,520	20,548	159,567	147,991	52,851	52,759	82,552	2,052,312	2,584,100
Disposals	(53,305)	(158)	-	(2,386)	(4,030)	(77)	(3,374)	-	(63,330)
Reclassifications	244,691	5,297	314,945	183,880	54,635	-	37,391	(840,839)	-
Depreciation	-	(25,801)	(308,941)	(357,558)	(78,837)	(76,241)	(130,741)	-	(978,119)
Closing net book amount as at December 31	<u>\$ 3,489,711</u>	<u>\$ 229,530</u>	<u>\$ 4,118,541</u>	<u>\$ 2,528,212</u>	<u>\$ 294,247</u>	<u>\$ 271,815</u>	<u>\$ 808,904</u>	<u>\$ 3,591,056</u>	<u>\$ 15,332,016</u>
<u>At December 31, 2023</u>									
Cost	\$ 3,489,711	\$ 349,421	\$ 6,010,902	\$ 5,338,895	\$ 590,742	\$ 1,074,364	\$ 1,506,302	\$ 3,591,056	\$ 21,951,393
Accumulated depreciation	-	(119,891)	(1,892,361)	(2,810,683)	(296,495)	(802,549)	(697,398)	-	(6,619,377)
	<u>\$ 3,489,711</u>	<u>\$ 229,530</u>	<u>\$ 4,118,541</u>	<u>\$ 2,528,212</u>	<u>\$ 294,247</u>	<u>\$ 271,815</u>	<u>\$ 808,904</u>	<u>\$ 3,591,056</u>	<u>\$ 15,332,016</u>

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2022</u>									
Cost	\$ 3,018,294	\$ 243,735	\$ 4,317,427	\$ 4,256,052	\$ 430,389	\$ 1,020,888	\$ 1,190,493	\$ 3,310,643	\$ 17,787,921
Accumulated depreciation	-	(74,644)	(1,456,885)	(2,417,059)	(206,655)	(678,346)	(482,729)	-	(5,316,318)
	<u>\$ 3,018,294</u>	<u>\$ 169,091</u>	<u>\$ 2,860,542</u>	<u>\$ 1,838,993</u>	<u>\$ 223,734</u>	<u>\$ 342,542</u>	<u>\$ 707,764</u>	<u>\$ 3,310,643</u>	<u>\$ 12,471,603</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 3,018,294	\$ 169,091	\$ 2,860,542	\$ 1,838,993	\$ 223,734	\$ 342,542	\$ 707,764	\$ 3,310,643	\$ 12,471,603
Additions	31,016	25,664	150,754	141,489	50,199	37,245	74,782	1,708,606	2,219,755
Disposals	-	-	(502)	(2,301)	(4,050)	-	-	-	(6,853)
Reclassifications	233,495	57,877	1,217,012	906,883	66,794	530	157,075	(2,639,666)	-
Depreciation	-	(22,988)	(274,836)	(328,779)	(67,049)	(84,943)	(116,545)	-	(895,140)
Closing net book amount as at December 31	<u>\$ 3,282,805</u>	<u>\$ 229,644</u>	<u>\$ 3,952,970</u>	<u>\$ 2,556,285</u>	<u>\$ 269,628</u>	<u>\$ 295,374</u>	<u>\$ 823,076</u>	<u>\$ 2,379,583</u>	<u>\$ 13,789,365</u>
<u>At December 31, 2022</u>									
Cost	\$ 3,282,805	\$ 326,303	\$ 5,613,834	\$ 5,124,119	\$ 519,730	\$ 1,036,366	\$ 1,416,229	\$ 2,379,583	\$ 19,698,969
Accumulated depreciation	-	(96,659)	(1,660,864)	(2,567,834)	(250,102)	(740,992)	(593,153)	-	(5,909,604)
	<u>\$ 3,282,805</u>	<u>\$ 229,644</u>	<u>\$ 3,952,970</u>	<u>\$ 2,556,285</u>	<u>\$ 269,628</u>	<u>\$ 295,374</u>	<u>\$ 823,076</u>	<u>\$ 2,379,583</u>	<u>\$ 13,789,365</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the year ended December 31,	
	2023	2022
Amount capitalised	\$ 36,002	\$ 20,250
Interest rate range	1.10%~1.92%	0.50%~1.83%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

- C. As of December 31, 2023 and 2022, the Group held 203 parcels and 205 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$1,169,687 and \$1,100,676, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Group has agreements with those individuals to pledge these agricultural land to the Group.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, cargo trucks, and other equipment. Rental contracts are typically made for periods of 1 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Land	\$ 290,221	\$ 292,683
Buildings	40,876	39,622
Transportation equipment (Cargo truck)	12,173	18,527
Other equipment	12,097	15,930
	<u>\$ 355,367</u>	<u>\$ 366,762</u>

	Depreciation charge	
	For the year ended December 31,	
	2023	2022
Land	\$ 33,721	\$ 30,249
Buildings	14,506	13,468
Transportation equipment (Cargo truck)	6,355	6,944
Other equipment	8,849	8,333
	<u>\$ 63,431</u>	<u>\$ 58,994</u>

- C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were

\$59,703 and \$57,429, respectively.

D. The Group has no significant profit or loss in relation to lease contracts for the years ended December 31, 2023 and 2022.

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$66,463 and \$54,840, respectively.

(10) Intangible assets

	<u>2023</u>	<u>2022</u>
Software		
At January 1		
Cost	\$ 15,891	\$ 14,740
Accumulated amortisation and impairment	(12,736)	(11,210)
	<u>\$ 3,155</u>	<u>\$ 3,530</u>
At January 1	\$ 3,155	\$ 3,530
Additions	49,639	1,151
Amortisation	(17,578)	(1,526)
At December 31	<u>\$ 35,216</u>	<u>\$ 3,155</u>
At December 31		
Cost	\$ 65,530	\$ 15,891
Accumulated amortisation and impairment	(30,314)	(12,736)
	<u>\$ 35,216</u>	<u>\$ 3,155</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	<u>\$ 3,561,041</u>	1.76%~2.42%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,854,000	1.49%~2.41%	None
Letters of credit	411,097	5.54%~6.22%	None
	<u>\$ 4,265,097</u>		

(12) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper payable	\$ 1,030,000	\$ 990,000
Less: Unamortised discounts	(1,850)	(2,037)
	<u>\$ 1,028,150</u>	<u>\$ 987,963</u>
Interest rate range	1.31%~1.80%	1.00%~1.95%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salary	\$ 527,456	\$ 483,106
Payables for machinery and equipment	161,722	37,528
Payables for promotional fees	79,791	75,763
Payables for shipping expenses	60,562	64,268
Contract liabilities	-	75
Others	254,472	234,638
	<u>\$ 1,084,003</u>	<u>\$ 895,378</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2023</u>
Secured loans	2019.04.03~2037.10.11	0.595%-2.18%	\$ 1,962,744
Unsecured credit loans	2021.09.29~2030.10.03	0.50%-2.25%	7,079,500
			9,042,244
Less: Current portion			(365,488)
			<u>\$ 8,676,756</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2022</u>
Secured loans	2019.04.03~2037.10.11	0.47%-2.31%	\$ 2,083,260
Unsecured credit loans	2020.12.31~2028.09.29	1.43%-2.25%	6,260,000
			8,343,260
Less: Current portion			(703,597)
			<u>\$ 7,639,663</u>

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(15) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of

Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 348,046)	(\$ 355,284)
Fair value of plan assets	<u>324,236</u>	<u>315,576</u>
Net defined benefit liability	<u>(\$ 23,810)</u>	<u>(\$ 39,708)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2023			
Balance at January 1	(\$ 355,284)	\$ 315,576	(\$ 39,708)
Current service cost	(1,307)	-	(1,307)
Interest (expense) income	(4,240)	<u>3,842</u>	(398)
	<u>(360,831)</u>	<u>319,418</u>	<u>(41,413)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,901	2,901
Change in demographic assumptions	(4)	-	(4)
Change in financial assumptions	(2,313)	-	(2,313)
Experience adjustments	(4,501)	-	(4,501)
	<u>(6,818)</u>	<u>2,901</u>	<u>(3,917)</u>
Pension fund contribution	-	21,520	21,520
Paid pension	<u>19,603</u>	<u>(19,603)</u>	<u>-</u>
Balance at December 31	<u>(\$ 348,046)</u>	<u>\$ 324,236</u>	<u>(\$ 23,810)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	(\$ 399,078)	\$ 295,821	(\$ 103,257)
Current service cost	(1,665)	-	(1,665)
Interest (expense) income	(2,487)	1,869	(618)
	<u>(403,230)</u>	<u>297,690</u>	<u>(105,540)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	23,373	23,373
Change in demographic assumptions	-	-	-
Change in financial assumptions	15,371	-	15,371
Experience adjustments	5,230	-	5,230
	<u>20,601</u>	<u>23,373</u>	<u>43,974</u>
Pension fund contribution	-	21,858	21,858
Paid pension	27,345	(27,345)	-
Balance at December 31	<u><u>(\$ 355,284)</u></u>	<u><u>\$ 315,576</u></u>	<u><u>(\$ 39,708)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the year ended December 31,	
	2023	2022
Discount rate	1.15%~1.65%	1.25%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>2023</u>				
Effect on present value of defined benefit obligation	(\$ 22,031)	\$ 24,632	\$ 24,164	(\$ 22,062)
<u>2022</u>				
Effect on present value of defined benefit obligation	(\$ 23,410)	\$ 26,226	\$ 25,754	(\$ 23,465)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company and domestic subsidiaries for the year ending December 31, 2024 amount to \$16,134.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 4~32 years.

B. Defined contribution plans

Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor

Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$58,275 and \$57,580, respectively.

(16) Share capital - common stock

A. As of December 31, 2023, the Company's authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,947,901, consisting of 294,790 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:(in thousands shares)

	2023	2022
At January 1	294,790	267,991
Shareholders' stock dividends	-	26,799
At Decemer 31	294,790	294,790

B. A resolution was passed during the shareholders' meeting held on June 23, 2022, for the undistributed surplus used in the issuance of 26,799 thousand ordinary shares, with par value of \$10 per share amounting to \$267,991. The resolution was approved by the Financial Supervisory Commission. The shares were issued on August 31, 2022 after the chairman was authorised by the board of directors on August 8, 2022. The total issued shares amounted to \$2,947,901 after the completion of capital increase, consisting of 294,790 thousand shares.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends distributed to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends.

The Board of Directors of the Company may, upon resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, distribute dividends and bonus, or legal reserve and capital surplus, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash, which shall also be reported at the shareholders' meeting, while the proposal for appropriation shall be approved by the shareholders if dividends will be distributed by issuing new shares.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2022 and 2021 have been resolved at the shareholders' meeting on June 15, 2023 and June 23, 2022, respectively, as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 158,984		\$ 137,043	
Cash dividends	1,031,765	\$ 3.50	803,973	\$ 3.00
Stock dividends	-	-	267,991	1.00

- E. On June 15, 2023, the stockholders during their meeting resolved to distribute cash dividends from the 2022 earnings in the amount of \$1,031,765, at \$3.50 (in dollars) per share. The effective date for the above distribution of cash dividends was September 20, 2023.
- F. For the year ended December 31, 2022, dividends distributed to the owners amounted to \$1,071,964 (\$4 dollars per share). On June 23, 2022, the stockholders during their meeting resolved to distribute cash dividends and stock dividends from the 2021 earnings at \$3 and \$1 per share (amounting to 26,799 thousand shares), respectively, and the total dividends amounted to \$1,071,964. The effective date for the above distribution of cash dividends was July 11, 2022, and the effective date for the distribution of stock dividends was August 31, 2022.

(19) Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 29,159,750	\$ 28,959,220

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

	For the year ended December 31,	
	2023	2022
Total segment revenue	\$ 30,124,582	\$ 29,628,166
Inter-segment revenue	(964,833)	(668,946)
Revenue from external customer contracts	\$ 29,159,749	\$ 28,959,220

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022
Contract liabilities:		
Contract liabilities - advance receipts	\$ -	\$ 75

C. Information on revenue categorised by nature is provided in Note 14(3).

(20) Other income and expenses, net

Other income and expenses, net are gains (losses) on changes in fair value less costs to sell of biological assets.

	For the year ended December 31,	
	2023	2022
Other income and expenses, net	\$ 37,910	\$ 21,509

(21) Interest income

	For the year ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 2,741	\$ 711

(22) Other income

	For the year ended December 31,	
	2023	2022
Rental income	\$ 10,976	\$ 8,743
Royalties income	1,400	29
Dividend income	37,118	66,108
	<u>\$ 49,494</u>	<u>\$ 74,880</u>

(23) Other gains and losses

	For the year ended December 31,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 11,641	\$ 4,392
Net foreign exchange gains (losses)	8,657	(40,473)
(Losses) gains on financial assets at fair value through profit or loss	(605)	919
Gain on arising from lease modifications	856	201
Other gains and losses	26,703	36,814
	<u>\$ 47,252</u>	<u>\$ 1,853</u>

(24) Finance costs

	For the year ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 208,594</u>	<u>\$ 147,433</u>

(25) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 1,528,923	\$ 905,741	\$ 2,434,664
Depreciation on property, plant and equipment	886,021	92,098	978,119
Depreciation on right-of- use assets	47,258	16,173	63,431
Amortisation	5,221	17,105	22,326
	<u>\$ 2,467,423</u>	<u>\$ 1,031,117</u>	<u>\$ 3,498,540</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 1,429,524	\$ 853,628	\$ 2,283,152
Depreciation on property, plant and equipment	813,021	82,119	895,140
Depreciation on right-of- use assets	42,957	16,037	58,994
Amortisation	5,167	703	5,870
	<u>\$ 2,290,669</u>	<u>\$ 952,487</u>	<u>\$ 3,243,156</u>

(26) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 1,284,655	\$ 819,952	\$ 2,104,607
Labor and health insurance	137,458	52,280	189,738
Pension costs	36,381	23,599	59,980
Other personnel expenses	70,429	9,910	80,339
	<u>\$ 1,528,923</u>	<u>\$ 905,741</u>	<u>\$ 2,434,664</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 1,196,072	\$ 768,847	\$ 1,964,919
Labor and health insurance	130,723	48,309	179,032
Pension costs	37,474	22,389	59,863
Other personnel expenses	65,255	14,083	79,338
	<u>\$ 1,429,524</u>	<u>\$ 853,628</u>	<u>\$ 2,283,152</u>

Other personnel expenses include meal allowance, training expenses and employee benefits.

- A. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved to cover the accumulated losses in advance.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$28,696 and \$19,058, respectively. The aforementioned amounts were recognised in wages and salaries expense.
- C. For the year ended December 31, 2023, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.
- D. For 2022, the difference of \$442 between employees' compensation of \$19,500 resolved by the Board of Directors and the amount of \$19,058 recognised in the 2022 financial statements, mainly resulting from a variance in estimation, had been adjusted in profit or loss for 2023.
- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 570,015	\$ 402,140
Tax on undistributed surplus earnings	20,488	8,072
Prior year income tax over estimation	(13,149)	(14,185)
Separate taxation (Repatriated Offshore Funds)	-	(6,624)
Total current tax	<u>577,354</u>	<u>389,403</u>
Deferred tax:		
Origination and reversal of temporary differences	(18,877)	(11,334)
Total deferred tax	(18,877)	(11,334)
Income tax expense	<u>\$ 558,477</u>	<u>\$ 378,069</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the year ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 34,093)	\$ 6,220
Remeasurement of defined benefit obligations	(783)	8,795
	<u>(\$ 34,876)</u>	<u>\$ 15,015</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 560,842	\$ 381,893
Tax exempt income by tax regulation/ Expenses disallowed by tax regulation	(9,704)	8,913
Tax on undistributed surplus earnings	20,488	8,072
Prior year income tax over estimation	(13,149)	(14,185)
Separate taxation (Repatriated Offshore Funds)	-	(6,624)
Income tax expense	<u>\$ 558,477</u>	<u>\$ 378,069</u>

Note: The taxable basis is calculated based on the tax rates applicable to the relevant country's income.

C. (a) Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary differences:		
Accrued sales discounts	\$ 24,739	\$ 27,102
Provision for loss on spare parts	4,720	4,441
Pension expense in excess of the limit for tax purpose	4,762	7,942
Provision for inventory valuation loss and change in fair value of biological assets	(15,268)	(9,957)
Unrealised foreign investment income	(25,053)	(25,053)
Unrealised exchange gain	(306)	(1,172)
Loss carryforward	103,325	76,447
Changes in fair value of financial assets at fair value through other comprehensive income	39,464	5,371
Others	4,931	2,440
	<u>\$ 141,314</u>	<u>\$ 87,561</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred tax assets	\$ 185,953	\$ 130,607
Deferred tax liabilities	(44,639)	(43,046)
	<u>\$ 141,314</u>	<u>\$ 87,561</u>

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences and tax losses are as follows:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Recognised in profit or loss	<u>\$ 18,877</u>	<u>\$ 11,334</u>
Recognised in other comprehensive income (loss)	<u>\$ 34,876</u>	<u>(\$ 15,015)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company and its subsidiaries - Rui Fu Foods Co., Ltd., Rui Mu Foods Co., Ltd. and Sheng Da Foods Co., Ltd. are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	\$ 14,351	\$ 3,124	\$ -	2027
2019	25,527	25,527	-	2029
2020	106,681	106,681	-	2030
2021	152,136	152,136	-	2031
2022	94,768	94,768	-	2032
2023	134,388	134,388	-	2033
	<u>\$ 527,851</u>	<u>\$ 516,624</u>	<u>\$ -</u>	
December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	\$ 14,351	\$ 3,124	\$ -	2027
2019	25,527	25,527	-	2029
2020	106,681	106,681	-	2030
2021	152,136	152,136	-	2031
2022	94,768	94,768	-	2032
	<u>\$ 393,463</u>	<u>\$ 382,236</u>	<u>\$ -</u>	

E. The income tax returns through 2020 of the Company and the subsidiaries - Charoen Pokphand (Taiwan) Corp., Ltd., Arbor Acres (Taiwan) Co., Ltd. and Rui Mu Foods Co., Ltd. have been assessed and approved by the Tax Authority. The income tax returns through 2021 of the subsidiary – Rui Fu Foods Co., Ltd. and Sheng Da Foods Co., Ltd. have been assessed and approved by the Tax Authority.

(28) Earnings per share

	<u>For the year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,268,965	294,790	\$ 7.70
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 2,268,965	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	363	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,268,965	295,153	\$ 7.69
	<u>For the year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,555,380	294,790	\$ 5.28
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,555,380	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	296	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,555,380	295,086	\$ 5.27

(29) Transactions with non-controlling interest

The Group's subsidiary, Sheng Da Foods Co., Ltd., increased its capital by issuing new shares in January 2023 and September 2023. The Group did not acquire shares proportionally to its interest. As a result, the share interest net increased by 5.77%. The transaction resulted to an increase in non-controlling interest by \$1,645 and decrease in the equity attributable to owners of parent by \$1,645. The effect of changes in interest in Sheng Da Foods Co., Ltd. on the equity attributable to owners of the parent for the year ended December 31, 2023 is shown below:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	
Net increase in the carrying amount of non-controlling interest	\$	<u>1,645</u>
Retained earnings		
- recognition of changes in ownership interest in subsidiaries	(\$	<u>1,645)</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments are as follows:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	\$ 2,584,100	\$ 2,219,755
Add: Opening balance of payable on equipment	37,528	73,068
Less: Ending balance of payable on equipment	(161,722)	(37,528)
Cash paid during the year	<u>\$ 2,459,906</u>	<u>\$ 2,255,295</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) directly and indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public. CPG is the major shareholder of CPF.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Feng Sheng Livestock Co., Ltd.	The Group is a co-venturer of the joint venture
Charoen Pokphand Group Co., Ltd. (CPG)	Other related party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
CPF (India) Private Limited	"
CPF Food Network Co., Ltd.	"
Charoen Pokphand Seeds Co., Ltd.	"
CPF IT Center Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Aviagen Incorporation	"
Fu Ding International Corporation	"
Fu Ting Foods Co., Ltd.	"
Li - Chun Farm Product Co., Ltd.	"
Jih Ching Egg Co., Ltd.	"
Chen San Development Co., Ltd.	"
Mu Da Egg Co.	"
Hung Peng-Da	"
Hung Yu-Chun	"
Hung Jin-Zheng	"
Huang Wei-I	"
Lu Yi-Feng	"
Lu Xiang-Da	"
Lu Pei-Lun	"
Lan Fu-Shi	"
Zhang Jian-Wen	"
Chiou Yung-Ching	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	\$ 336,827	\$ 382,839
The Group is a co-venturer of the joint venture	855	-
	<u>\$ 337,682</u>	<u>\$ 382,839</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the year ended December 31,	
	2023	2022
Purchases of goods:		
Ultimate parent company	\$ 69,703	\$ 92,558
Other related parties	245,714	212,204
	<u>\$ 315,417</u>	<u>\$ 304,762</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes and accounts receivable:		
Other related parties	\$ 75,659	\$ 68,927
Other receivables:		
Other related parties	43	228
	<u>\$ 75,702</u>	<u>\$ 69,155</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payable:		
Other related parties	\$ 48,765	\$ 32,574
Other payables:		
Other related parties	<u>12,254</u>	<u>30,574</u>
	<u>\$ 61,019</u>	<u>\$ 63,148</u>

The payables to related parties arise mainly from purchase transactions. The other payables to related parties arise mainly from technical service expenses, trademarks, the farm-member remuneration for joint collaboration for contractual breeding, freight and processing fees. The payables bear no interest.

E. Property transactions

Acquisition of property, plant and equipment

- (a) In December 2021, the Board of Directors of Sheng Da Foods Co., Ltd. resolved to acquire land, buildings and ancillary facilities from a related party for a consideration of \$88,999 (tax excluded) for the operational needs and expansion of production capacity. It acquired related equipment from the related party for \$18,691 (tax included) in 2022. As of December 31, 2023 and 2022, the remaining unpaid balance amounted to \$0 and \$4,477, respectively.
- (b) The Company purchased land and buildings from other related party for operational expansion amounting to \$68,660 as resolved by the Board of Directors in August 2022. As of December 31, 2023 and 2022, the remaining unpaid balance amounted to \$10,660 and \$20,660, respectively.

F. Rental income (shown as ‘Other income’)

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income:		
Other related parties	<u>\$ 722</u>	<u>\$ 722</u>

The rental receivables are collected annually or monthly based on the contracts.

G. Leasing arrangements – lessee

- (a) The Company’s subsidiaries lease farm buildings and equipment from other related parties.
- (b) For the years ended December 31, 2023 and 2022, the Group recognised rent expense amounting to \$10,800 and \$9,000, respectively. As of December 31, 2023, the remaining balance has been fully paid.

H. Joint contractual breeding

- (a) The Company's subsidiaries signed the joint contractual breeding agreements with other related parties to provide techniques for the husbandry management of layers, as well as farm buildings and equipment for the breeding.
- (b) For the years ended December 31, 2023 and 2022, the farm-member remuneration for joint collaboration for contractual breeding recognised amounted to \$29,500 and \$35,765, respectively.

I. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company manufacture feeds, raise animals slaughter to process meat products and provide consulting services of related technical skills. The Company pays compensation of THB12 million (net value) for the services annually. The commitment shall not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2023 and 2022, the Company recognised technical service expenses amounting to \$11,139 and \$10,840, respectively.
- (b) The Company signed a technical service agreement with CPG in 2015. CPG helps the Company raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. The contract term was extended to five years effective since 2020. For the years ended December 31, 2023 and 2022, the Company recognised technical service expense amounting to \$8,400.

J. Trademark licensing agreement

The Company signed a trademark license agreement with CPG in 2015. The contract authorises the Company to use 'CP' as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. The contract term was extended to five years effective since 2020. For the years ended December 31, 2023 and 2022, the Company recognised royalties amounting to \$99,044 and \$92,361, respectively.

K. SAP software and maintenance agreement

The Company signed a contract about license and maintenance of SAP software with CPF IT in April 2023. The contract authorises the Company to use the SAP system software and the maintenance agreement amounting to \$8,010 and \$1,322, respectively. The licensing fee was amortised in 3 years. For the year ended December 31, 2023, the Company recognised amortisation amounting to \$2,670.

(4) Key management compensation

	For the year ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 196,453	\$ 194,056
Post-employment benefits	1,557	1,544
	<u>\$ 198,010</u>	<u>\$ 195,600</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as 'Other current assets')	\$ 9,650	\$ 9,650	Guarantee deposit
Property, plant and equipment			
Land	1,135,305	1,135,305	Long-term borrowings
Buildings and structures	940,582	872,595	Long-term borrowings
Machinery and equipment	497,368	523,066	Long-term borrowings
Construction in progress	460,101	474,614	Long-term borrowings
	<u>\$ 3,043,006</u>	<u>\$ 3,015,230</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group subsequently invested to establish chicken farms in Hualien County starting from 2018, and had submitted an application to the Hualien County Government for approval based on the Group's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Group's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Group took in order to reach consensus with local residents and resolve controversy. The Group has appointed lawyers and filed an appeal as administrative remedy. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Group did not obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Group has appointed a lawyer

to file an appeal. As for the administrative appeal filed against the administrative action concerning the disapproval Jingzhong Section, Shoufeng Township, Hualien County, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090721271, dated January 12, 2021, and requested the Hualien County Government to take other legitimate actions. As of December 31, 2023, the related costs incurred by the Group amounted to \$71,281, excluding the cost of land.

(2) Commitments

- A. As of December 31, 2023 and 2022, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$643,903 and \$508,723, respectively.
- B. As of December 31, 2023 and 2022, the Group had several outstanding construction contracts and equipment purchase agreements amounting to \$1,492,728 and \$1,183,985, respectively, which will be paid based on the percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- A. In February 2024, the Board of Directors of the subsidiary, Rui Fu Foods Co., Ltd., resolved to increase its capital in the amount of \$100,000 by issuing 10,000,000 shares of common shares with par value of \$10 (in dollars) per share. The effective date for the capital increase was set on March 6, 2024.
- B. In February, 2024, the Board of Directors of the subsidiary, Sheng Da Foods Co., Ltd., resolved to increase its capital in the amount of \$40,000 by issuing 4,000,000 shares of common shares with par value of \$10 (in dollars) per share. The effective date for the capital increase was set on March 11, 2024.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 2,620,673	\$ 2,659,785
Financial assets at amortised cost		
Cash and cash equivalents	275,585	311,085
Notes receivable (including related parties)	359,853	413,990
Accounts receivable (including related parties)	2,652,066	2,797,045
Other receivables (including related parties)	18,891	54,605
Refundable deposits	65,961	41,461
Other financial assets - current	9,650	9,650
	<u>\$ 6,002,679</u>	<u>\$ 6,287,621</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss on initial recognition	\$ -	\$ 11,791
Financial liabilities at amortised cost		
Short-term borrowings	3,561,041	4,265,097
Short-term notes and bills payable	1,028,150	987,963
Notes payable (including related parties)	764,212	694,856
Accounts payable (including related parties)	870,288	1,021,273
Other payables (including related parties)	1,096,257	925,952
Long-term borrowings (including current portion)	9,042,244	8,343,260
	<u>\$ 16,362,192</u>	<u>\$ 16,250,192</u>
Lease liability	<u>\$ 329,134</u>	<u>\$ 344,417</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD, CNY, THB, EUR, SGD and JPY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Group to manage its foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	80	30.66	\$ 2,446
THB:NTD	THB	20,946	0.88	18,468
USD:HKD	USD	1,860	7.80	57,035
CNY:HKD	CNY	685	1.10	2,963
<u>Non-monetary items</u>				
THB:HKD	THB	1,505,280	0.23	\$ 1,343,613
THB:NTD	THB	1,430,073	0.89	1,277,060
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	5,286	30.76	\$ 162,570
EUR:NTD	EUR	79	34.18	2,710
SGD:NTD	SGD	23	23.38	538

December 31, 2022				
	Foreign currency		Exchange rate	Book value
	amount			
(Foreign currency : functional currency)	(in thousands)			
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	40	30.66	\$ 1,231
USD:HKD	USD	1,209	7.80	37,015
CNY:HKD	CNY	685	1.13	3,045
<u>Non-monetary items</u>				
THB:HKD	THB	1,904,640	0.23	\$ 1,687,093
THB:NTD	THB	1,098,216	0.89	972,692
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	18,764	30.76	\$ 577,166
EUR:NTD	EUR	106	32.92	3,487
SGD:NTD	SGD	16	22.97	368
JPY:NTD	JPY	750	0.23	176

Note: The functional currency of certain subsidiaries belonging to the Group is HKD. Thus, this information has to be considered when reporting.

- v. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$8,657 and (\$40,473), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		For the year ended December 31,		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	24	\$ -
THB : NTD	1%		185	-
USD : HKD	1%		570	-
CNY : HKD	1%		30	-
<u>Non-monetary items</u>				
THB : HKD	1%	\$	-	\$ 13,436
THB : NTD	1%		-	12,771
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	1,626)	\$ -
EUR : NTD	1%	(27)	-
SGD : NTD	1%	(5)	-
		For the year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	12	\$ -
USD : HKD	1%		370	-
CNY : HKD	1%		30	-
<u>Non-monetary items</u>				
THB : HKD	1%	\$	-	\$ 16,871
THB : NTD	1%		-	9,727
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	5,772)	\$ -
EUR : NTD	1%	(35)	-
SGD : NTD	1%	(4)	-
JPY : NTD	1%	(2)	-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through other comprehensive income. Refer to Note 6(3).
- ii. For the Group's strategies for biological assets price risk, refer to Note 6(6).
- iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$23,653 and \$24,652, respectively, as a result of post-tax gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in NTD.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For years ended December 31, 2023 and 2022, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022, would have been \$72,338 and \$66,746 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Based on the Group's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.
- iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Group classifies credit risks from customers' non-performance in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. For the years ended December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures and recovered amounted to \$11,214 and \$7,699, respectively
- vii. The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. As of December 31, 2023 and 2022, the expected loss rate is as follows:

	<u>Current</u>	<u>Up to 120 days</u>	<u>121-365 days</u>	<u>Over one year</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0.05%~0.42%	1.5%~100%	100%	100%	
Total book value	\$ 2,734,361	\$ 212,119	\$ 15,926	\$ 4,901	\$ 2,967,307
Loss allowance	1,570	8,974	15,602	4,901	31,047
<u>December 31, 2022</u>					
Expected loss rate	0.05%~0.22%	1.5%~100%	100%	100%	
Total book value	\$ 2,977,390	\$ 170,223	\$ 180	\$ 2,702	\$ 3,150,495
Loss allowance	1,591	3,914	180	2,702	8,387

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2023</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 8,387
Provision for impairment	23,734
Write-offs	(1,074)
At December 31	<u>\$ 31,047</u>
	<u>2022</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 16,162
Provision for impairment	(7,390)
Write-offs	(385)
At December 31	<u>\$ 8,387</u>

The provision for (reversal of) impairment loss arising from customers' contracts for the years ended December 31, 2023 and 2022 amounted to \$23,734 and (\$7,390), respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2023	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,561,041	\$ -	\$ -
Short-term notes and bills payable	1,030,000	-	-
Notes payable (including related parties)	764,212	-	-
Accounts payable (including related parties)	870,288	-	-
Other payables (including related parties)	1,096,257	-	-
Lease liabilities	32,853	159,691	158,476
Long-term borrowings (including current portion)	524,313	8,223,566	668,301

Non-derivative financial liabilities

December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,265,097	\$ -	\$ -
Short-term notes and bills payable	990,000	-	-
Notes payable (including related parties)	694,856	-	-
Accounts payable (including related parties)	1,021,273	-	-
Other payables (including related parties)	925,952	-	-
Lease liabilities	38,500	156,246	173,115
Long-term borrowings (including current portion)	831,251	6,681,090	1,171,169

Derivative financial liabilities

Current financial assets at fair value through profit or loss	\$ 11,791	-	-
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iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the

entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments and biological assets is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,183,346	\$ -	\$ 1,183,346
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,620,673	\$ -	\$ -	\$ 2,620,673
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,231,923	\$ -	\$ 1,231,923
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,659,785	\$ -	\$ -	\$ 2,659,785
Financial liabilities at fair value through profit or loss:				
Derivative instruments	\$ -	\$ 11,791	\$ -	\$ 11,791

D. The methods and assumptions of the Group used to measure fair value are as follows:

- (a) The instruments the Group used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices which are classified as financial assets at fair value through other comprehensive income.
- (b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the

Group's credit quality.

- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (d) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(6).
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the year ended December 31, 2023: None.

C. Holding of marketable securities at December 31, 2023 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value	
The Company	Common share	Charoen Pokphand Foods Public Company Limited	(Note)	Financial assets at fair value through other comprehensive income	72,962,900	\$ 1,277,060	0.85%	\$ 1,227,060	
Plenty Type Limited (Cayman Islands)	Common share	Charoen Pokphand Foods Public Company Limited	(Note)	Financial assets at fair value through other comprehensive income	76,800,000	1,343,613	0.89%	1,343,613	
The Company	Preferred share	Rui Mu Foods Co., Ltd.	Subsidiary	Financial assets at fair value through profit or loss	15,000,000	144,000	100%	144,000	

Note : Investee company accounted for as financial assets at fair value through other comprehensive income by the Company and Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid-in capital during the year ended December 31, 2023: .

Purchaser/seller	Marketable securities		General ledger account	Counterparty	Relationship with the counterparty	As of December 31, 2022		Buy		As of December 31, 2023	
	Types	Name				Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
Charoen Pokphand Enterprise (Taiwan) Co., Ltd.	Common share	Charoen Pokphand Foods Public Company Limited	Financial assets at fair value through other comprehensive income			44,282,900	\$ 999,545	28,680,000	\$ 474,837	72,962,900	\$ 1,474,382

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2023: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2023: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the year ended December 31, 2023:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to general transactions		Percentage of notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Sales revenue	\$285,003	0.98%	60 days	The same as general transactions	None	\$ 42,186	1.40%	
The Company	Rui Mu Foods Co., Ltd.	Subsidiary	Sales revenue	\$115,871	0.40%	180 days	The same as general transactions	None	\$ 29,261	0.97%	
The Company	Arbor Acres Taiwan Co., Ltd.	Subsidiary	Purchase	\$141,977	0.72%	105 days	The same as general transactions	None	\$ 14,593	0.89%	
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Purchase	\$190,344	0.97%	45 days	The same as general transactions	None	\$ -	0.00%	

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at December 31, 2023: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2023: Refer to Note 6(2).

J. Significant inter-company transactions during the year ended December 31, 2023: The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2023			Investment income		Footnote
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	(loss) recognised by the Company	
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 470,459	57,841,941	100.00	\$ 1,403,935	\$ 19,063	\$ 19,063	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	41,512	9,253	8,327	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	117,914	85,417	42,709	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	11,831,700	68.00	124,611	(16,834)	(5,447)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	408,000	408,000	40,800,000	51.00	275,711	(77,761)	(39,658)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	91,399	(6,629)	(3,314)	Investment accounted for using equity method - joint ventures
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	3,181	(439)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of eggs and related business	210,000	120,000	21,000,000	80.77	108,568	(66,778)	-	Indirectly owned subsidiary (Note 2)

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income (loss) has been recognised by investee company.

(3) Information on investments in Mainland China: None.

(4) Major shareholders information

<u>Name of major shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Ownership (%)</u>
Charoen Pokphand Foods Public Co., Ltd (CPF)	83,676,832	28.38
Chun Ta Investment Co., Ltd.	17,120,207	5.80

Note: The information was provided by Taiwan Depository & Clearing Corporation on December 31, 2023.

14. OPERATING SEGMENT INFORMATION

(1) General information

- A. Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decision.
- B. The Group's Chief Operating Decision-Maker considers the business from a product type perspective. The main activities of the Group are feeds business, meat processing business, food processing business, management of importing and exporting animal medicine and husbandry business. The reportable segments are as follows:
- (a) Feeds business: Manufacture and sale of animal feeds and wholesale of commodity;
 - (b) Meat processing business;
 - (c) Food processing business; and
 - (d) Husbandry business: Husbandry management of chickens to produce eggs and meat.
- C. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this year.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on revenue and a measure of profit before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as goodwill impairment. The measurement also excludes the effects of unrealised gains/losses on financial instruments, interest expense and foreign exchange gain or loss, as this type of activity is driven by the Group's central treasury function.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the year ended December 31, 2023					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 14,819,291	\$ 7,058,745	\$ 4,905,595	\$ 2,297,349	\$ 78,769	\$ 29,159,749
Revenues from the Group	<u>396,079</u>	<u>302,265</u>	<u>881</u>	<u>208,627</u>	<u>56,981</u>	<u>964,833</u>
Total segment revenue	<u>\$ 15,215,370</u>	<u>\$ 7,361,010</u>	<u>\$ 4,906,476</u>	<u>\$ 2,505,976</u>	<u>\$ 135,750</u>	<u>\$ 30,124,582</u>
Segment income (loss)	<u>\$ 2,018,013</u>	<u>\$ 877,302</u>	<u>\$ 210,425</u>	<u>(\$ 4,070)</u>	<u>(\$ 86,215)</u>	<u>\$ 3,015,455</u>

	For the year ended December 31, 2022					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 15,539,912	\$ 6,555,291	\$ 4,418,999	\$ 2,352,187	\$ 92,831	\$ 28,959,220
Revenues from the Group	<u>367,307</u>	<u>54,991</u>	<u>892</u>	<u>185,207</u>	<u>60,549</u>	<u>668,946</u>
Total segment revenue	<u>\$ 15,907,219</u>	<u>\$ 6,610,282</u>	<u>\$ 4,419,891</u>	<u>\$ 2,537,394</u>	<u>\$ 153,380</u>	<u>\$ 29,628,166</u>
Segment income (loss)	<u>\$ 1,312,756</u>	<u>\$ 717,503</u>	<u>\$ 202,335</u>	<u>(\$ 12,763)</u>	<u>(\$ 104,601)</u>	<u>\$ 2,115,230</u>

(4) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The operating revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. A reconciliation of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	For the year ended December 31,	
	2023	2022
Reportable segment income	\$ 3,101,669	\$ 2,219,831
Other segment loss	(86,214)	(104,601)
Total segment	3,015,455	2,115,230
Interest expense	(208,594)	(147,433)
Foreign exchange gains (losses), net	8,657	(40,473)
(Losses) gains on financial assets at fair value through profit or loss	(605)	919
Income before tax from continuing segment	<u>\$ 2,814,913</u>	<u>\$ 1,928,243</u>

(5) Information on products and services

Refer to Note 14(3) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

<u>2023</u>	<u>Taiwan</u>
Revenues from third parties	\$ 29,159,749
Revenues from the Group	964,833
Total revenue	<u>\$ 30,124,582</u>
Segment assets –non-current	<u>\$ 16,423,601</u>

<u>2022</u>	<u>Taiwan</u>
Revenues from third parties	\$ 28,959,220
Revenues from the Group	668,946
Total revenue	<u>\$ 29,628,166</u>
Segment assets –non-current	<u>\$ 14,797,861</u>

(7) Major customer information

For the years ended December 31, 2023 and 2022, the Group has no customers accounting for more than 10% of consolidated sales revenue. Therefore, no additional disclosure is required.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Evaluation of net realisable value of inventories

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(5) for details of inventories. As at December 31, 2023, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$2,181,770 thousand and NT\$7,600 thousand, respectively.

The main activities of the Company are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement, and considering that feeds, fresh and processed meat products comprise most of the Company's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at the balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

Measurement of biological assets

Description

Refer to Note 4(14) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(7) for details of biological assets. As at December 31, 2023, the carrying amount of biological assets amounted to NT\$2,364,278 thousand.

The Company's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Lin, Yi-Fan



Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 139,001	1	\$ 122,778	-
1150	Notes receivable, net	6(4)	351,478	1	375,832	2
1170	Accounts receivable, net	6(4)	2,261,181	9	2,413,462	10
1180	Accounts receivable - related parties	7	131,556	1	127,147	1
1200	Other receivables		15,740	-	50,746	-
1210	Other receivables - related parties	7	343	-	207	-
1220	Current income tax assets		-	-	6,284	-
130X	Inventories, net	6(5)	2,174,170	9	2,472,937	10
1400	Biological assets - current	6(7)	1,823,064	7	1,842,955	8
1410	Prepayments		342,008	1	393,245	2
1470	Other current assets	6(1) and 8	9,650	-	9,650	-
11XX	Total current assets		<u>7,248,191</u>	<u>29</u>	<u>7,815,243</u>	<u>33</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	144,000	1	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	1,277,060	5	972,692	4
1550	Investments accounted for using equity method	6(6)	2,055,082	8	2,413,926	10
1600	Property, plant and equipment, net	6(8) and 8	12,919,837	52	11,388,585	48
1755	Right-of-use assets	6(9)	337,994	2	340,373	2
1780	Intangible assets	6(10)	35,210	-	3,126	-
1830	Biological assets - non-current	6(7)	541,214	2	502,089	2
1840	Deferred income tax assets	6(25)	77,455	-	50,427	-
1900	Other non-current assets		141,003	1	118,456	1
15XX	Total non-current assets		<u>17,528,855</u>	<u>71</u>	<u>15,789,674</u>	<u>67</u>
1XXX	Total assets		<u>\$ 24,777,046</u>	<u>100</u>	<u>\$ 23,604,917</u>	<u>100</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 3,034,040	12	\$ 3,651,097	15
2110	Short-term notes and bills payable	6(12)	978,405	4	938,148	4
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	11,791	-
2150	Notes payable		599,749	3	590,631	3
2160	Notes payable - related parties	7	33,701	-	188	-
2170	Accounts payable		764,997	3	874,711	4
2180	Accounts payable - related parties	7	31,599	-	19,314	-
2200	Other payables		1,008,357	4	822,697	3
2220	Other payables - related parties	7	9,966	-	27,109	-
2230	Current income tax liabilities		370,071	2	218,477	1
2280	Current lease liabilities		27,573	-	29,442	-
2320	Long-term liabilities, current portion	6(13)	264,286	1	648,095	3
21XX	Total current liabilities		<u>7,122,744</u>	<u>29</u>	<u>7,831,700</u>	<u>33</u>
Non-current liabilities						
2540	Long-term borrowings	6(13) and 8	7,536,667	31	6,391,905	27
2570	Deferred income tax liabilities	6(25)	43,301	-	41,930	-
2580	Non-current lease liabilities		293,501	1	299,974	2
2600	Other non-current liabilities	6(14)	27,509	-	42,440	-
25XX	Total non-current liabilities		<u>7,900,978</u>	<u>32</u>	<u>6,776,249</u>	<u>29</u>
2XXX	Total liabilities		<u>15,023,722</u>	<u>61</u>	<u>14,607,949</u>	<u>62</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(15)	2,947,901	12	2,947,901	12
Capital surplus						
3200	Capital surplus	6(16)	10,534	-	6,640	-
Retained earnings						
3310	Legal reserve	6(17)	1,340,668	5	1,181,684	5
3350	Unappropriated retained earnings		4,786,803	19	3,713,594	16
Other equity interest						
3400	Other equity interest		667,418	3	1,147,149	5
3XXX	Total equity		<u>9,753,324</u>	<u>39</u>	<u>8,996,968</u>	<u>38</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 24,777,046</u>	<u>100</u>	<u>\$ 23,604,917</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Year ended December 31

Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 27,235,093	100	\$ 26,895,450	100
5000 Operating costs	6(4)(24) and 7	(22,453,967)	(82)	(23,254,925)	(87)
5950 Net operating margin		4,781,126	18	3,640,525	13
Operating expenses	6(24) and 7				
6100 Selling and marketing expenses		(1,114,633)	(4)	(976,648)	(4)
6200 General and administrative expenses		(742,252)	(3)	(682,635)	(2)
6450 Expected credit impairment (loss) gain	12(2)	(23,264)	-	442	-
6000 Total operating expenses		(1,880,149)	(7)	(1,658,841)	(6)
6500 Other income and expenses, net	6(7)(19)	37,910	-	21,509	-
6900 Operating profit		2,938,887	11	2,003,193	7
Non-operating income and expenses					
7100 Interest income	6(20)	2,001	-	504	-
7010 Other income	6(21) and 7	26,623	-	33,578	-
7020 Other gains and losses	6(22)	25,784	-	(4,947)	-
7050 Finance costs	6(23)	(187,695)	-	(131,394)	-
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)	21,680	-	29,338	-
7000 Total non-operating income and expenses		(111,607)	-	(72,921)	-
7900 Profit before income tax		2,827,280	11	1,930,272	7
7950 Income tax expense	6(25)	(558,315)	(2)	(374,892)	(1)
8200 Profit for the year		\$ 2,268,965	9	\$ 1,555,380	6
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial (loss) gain on defined benefit plan	6(14)	(\$ 4,567)	-	\$ 41,468	-
8316 Unrealised gain or loss on financial assets at fair value through other comprehensive income		(170,470)	(1)	31,103	-
8330 Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(341,049)	(1)	(103,980)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	35,006	-	(14,514)	-
8310 Other comprehensive loss that will not be reclassified to profit or loss		(481,080)	(2)	(45,923)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations	6(6)	(2,013)	-	160,418	-
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(2,013)	-	160,418	-
8300 Total other comprehensive (loss) income for the year		(\$ 483,093)	(2)	\$ 114,495	-
8500 Total comprehensive income for the year		\$ 1,785,872	7	\$ 1,669,875	6
Earnings per share (in dollars)	6(26)				
9750 Basic earnings per share		\$ 7.70		\$ 5.28	
9850 Diluted earnings per share		\$ 7.69		\$ 5.27	

The accompanying notes are an integral part of these parent company only financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings			Other Equity Interest		Total equity	
		Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<u>2022</u>								
Balance at January 1, 2022		\$ 2,679,910	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092
Profit for the year		-	-	-	1,555,380	-	-	1,555,380
Other comprehensive income (loss)		-	-	-	34,464	160,418	(80,387)	114,495
Total comprehensive income (loss)		-	-	-	1,589,844	160,418	(80,387)	1,669,875
Appropriations of 2021 earnings:	6(17)							
Legal reserve		-	-	137,043	(137,043)	-	-	-
Cash dividends		-	-	-	(803,973)	-	-	(803,973)
Stock dividends		267,991	-	-	(267,991)	-	-	-
Capital surplus - dividends not received by shareholders		-	1,974	-	-	-	-	1,974
Balance at December 31, 2022		<u>\$ 2,947,901</u>	<u>\$ 6,640</u>	<u>\$ 1,181,684</u>	<u>\$ 3,713,594</u>	<u>(\$ 8,794)</u>	<u>\$ 1,155,943</u>	<u>\$ 8,996,968</u>
<u>2023</u>								
Balance at January 1, 2023		\$ 2,947,901	\$ 6,640	\$ 1,181,684	\$ 3,713,594	(\$ 8,794)	\$ 1,155,943	\$ 8,996,968
Profit for the year		-	-	-	2,268,965	-	-	2,268,965
Other comprehensive loss		-	-	-	(3,362)	(2,013)	(477,718)	(483,093)
Total comprehensive income (loss)		-	-	-	2,265,603	(2,013)	(477,718)	1,785,872
Appropriations of 2022 earnings:	6(17)							
Legal reserve		-	-	158,984	(158,984)	-	-	-
Cash dividends		-	-	-	(1,031,765)	-	-	(1,031,765)
Capital surplus - dividends not received by shareholders		-	1,758	-	-	-	-	1,758
Change in ownership interests in subsidiaries		-	-	-	(1,645)	-	-	(1,645)
Change in other capital surplus		-	2,136	-	-	-	-	2,136
Balance at December 31, 2023		<u>\$ 2,947,901</u>	<u>\$ 10,534</u>	<u>\$ 1,340,668</u>	<u>\$ 4,786,803</u>	<u>(\$ 10,807)</u>	<u>\$ 678,225</u>	<u>\$ 9,753,324</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,827,280	\$ 1,930,272
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for (gain on reversal of) loss on inventory	6(5)	2,600	(1,120)
Expected credit impairment loss (gain)	12(2)	23,264	(442)
Depreciation	6(8)(24)	888,079	818,696
Depreciation of right-of-use assets	6(9)(24)	54,416	49,439
Amortisation	6(24)	22,303	5,846
Change in fair value less cost to sell of biological assets	6(7)(19)	(37,910)	(21,509)
Interest income	6(20)	(2,001)	(504)
Dividend income	6(2)(21)	(13,621)	(24,463)
Interest expense	6(23)	187,695	131,394
(Gain) loss on financial assets at fair value through profit or loss		(5,791)	11,791
Gain on disposal of property, plant and equipment	6(22)	(5,553)	(4,285)
Gain arising from lease modifications	6(22)	(856)	(201)
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	(21,680)	(29,338)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		24,354	19,120
Notes receivable - related parties		-	3,951
Accounts receivable		129,016	(308,242)
Accounts receivable - related parties		(4,408)	(14,599)
Other receivables		35,004	(32,971)
Other receivables - related parties		(136)	(143)
Inventories		296,167	(748,940)
Biological assets		18,676	(403,996)
Prepayments		51,593	(574)
Changes in operating liabilities			
Notes payable		9,118	158,967
Notes payable - related parties		33,513	(4,067)
Accounts payable		(109,714)	99,215
Accounts payable - related parties		12,285	(6,935)
Other payables		60,957	118,117
Other payables - related parties		(17,143)	3,494
Net defined benefit liability		(19,497)	(19,308)
Cash inflow generated from operations		4,438,010	1,728,665
Cash paid for income tax		(402,483)	(313,753)
Refund of income tax		11,396	-
Net cash flows from operating activities		<u>4,046,923</u>	<u>1,414,912</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	7	(\$ 150,000)	\$ -
Acquisition of financial assets at fair value through other comprehensive income		(474,837)	-
Acquisition of investment accounted for using the equity method		-	(51,000)
Acquisition of property, plant and equipment	6(27)	(2,304,690)	(1,976,977)
Proceeds from disposal of property, plant and equipment		15,105	9,378
Acquisition of intangible assets	6(10)	(49,639)	(1,151)
Increase in other non-current assets		(27,296)	(15,003)
Cash receipt for interest		2,001	504
Cash receipt for dividends		49,438	55,126
Net cash flows used in investing activities		(2,939,918)	(1,979,123)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(617,057)	880,067
Increase (decrease) in short-term notes and bills payable		40,257	(51,171)
Payment of lease liabilities	6(9)	(59,523)	(47,734)
Proceeds from long-term borrowings		10,920,000	8,280,000
Payment of long-term borrowings		(10,159,048)	(7,570,000)
Cash payment for interest		(187,540)	(128,652)
Cash dividends paid to owners of parent	6(17)	(1,031,765)	(803,973)
Capital surplus - dividends not received by shareholders		-	1,974
Capital surplus - dividends not received by shareholders and others		3,894	-
Net cash flows (used in) from financing activities		(1,090,782)	560,511
Net increase (decrease) in cash and cash equivalents		16,223	(3,700)
Cash and cash equivalents at beginning of year	6(1)	122,778	126,478
Cash and cash equivalents at end of year	6(1)	\$ 139,001	\$ 122,778

The accompanying notes are an integral part of these parent company only financial statements.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company are the manufacture and sales of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, directly and indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 11, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively

referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (d) Biological assets measured at fair value less costs to sell.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

- A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.
- B. Foreign currency transactions and balances
- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries and joint ventures

- A. Subsidiaries and joint ventures are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries and joint ventures are accounted for using equity method in these parent company only financial statements.
- B. In the case that a subsidiary or a joint venture issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary or the joint venture but maintains significant influence on the subsidiary or the joint venture, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the subsidiary or the joint venture, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the subsidiary or the joint venture are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- C. Unrealised gains on transactions between the Company and its subsidiaries or joint ventures are eliminated. The accounting policies of the subsidiaries or joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. The Company's share of its subsidiaries' or joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary or a joint venture equals or exceeds its interest in the subsidiary or the joint venture, the Company continues to recognise losses proportionate to its ownership.
- E. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(15) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is measured over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes and accounts payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as

expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's balance sheet. However, the deferred tax is accounted of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells animal feeds, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 180 days, which is consistent with market practice.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$2,174,170.

B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Company has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Company then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2023, the carrying amount of biological assets was \$2,364,278.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 8,564	\$ 9,905
Checking accounts	2,054	1,318
Demand deposits	128,383	111,555
	<u>\$ 139,001</u>	<u>\$ 122,778</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2023 and 2022, the Company has restricted cash and cash equivalents pledged as collateral totalling \$9,650, classified as other current financial assets and shown as ‘other current assets’. Refer to Note 8 for details.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward foreign exchange contracts	\$ -	\$ 11,791
Non-current items:		
Financial assets designated as at fair value through profit or loss		
Unlisted stocks	150,000	-
Valuation adjustment	(6,000)	-
	<u>\$ 144,000</u>	<u>\$ -</u>

- A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the year ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 605)	\$ 919
Financial assets designated as at fair value through profit or loss		
Equity instruments	(6,000)	-
	<u>(\$ 6,605)</u>	<u>\$ 919</u>

- B. The Company entered into contracts relating to derivative financial assets and financial liabilities which were not accounted for under hedge accounting. The information is listed below:
As of December 31, 2023: None.

December 31, 2022			
Current items:	Contract amount (notional principal) (in thousands)		Contract period
Forward foreign exchange contracts			
-Sell NTD buy USD	USD	2,000	2022.10.04~2023.01.03
-Sell NTD buy USD	USD	2,000	2022.11.14~2023.02.16
-Sell NTD buy USD	USD	2,000	2022.10.27~2023.02.03
-Sell NTD buy USD	USD	2,000	2022.11.09~2023.02.14
-Sell NTD buy USD	USD	1,000	2022.11.11~2023.02.15
-Sell NTD buy USD	USD	2,000	2022.10.04~2023.01.06
-Sell NTD buy USD	USD	2,000	2022.10.27~2023.02.03
-Sell NTD buy USD	USD	2,000	2022.11.11~2023.02.15

The Company entered into forward foreign exchange contracts to buy forward foreign exchange to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets and financial liabilities at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 1,474,382	\$ 999,544
Valuation adjustment	(197,322)	(26,852)
	<u>\$ 1,277,060</u>	<u>\$ 972,692</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 136,376)	\$ 24,882
Dividend income recognised in profit or loss held at end of year	<u>\$ 13,621</u>	<u>\$ 24,463</u>

B. The Company holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Company.

C. The Company has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,277,060 and \$972,692 as at December 31, 2023 and 2022, respectively.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 351,478	\$ 375,832
Accounts receivable	\$ 2,290,707	\$ 2,420,214
Less: Allowance for uncollectible accounts	(29,526)	(6,752)
	<u>\$ 2,261,181</u>	<u>\$ 2,413,462</u>

A. The aging analysis of accounts and notes receivable is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 2,432,841	\$ 2,648,493
Up to 120 days	189,089	145,446
121 to 365 days	15,603	55
Over one year	4,652	2,052
	<u>\$ 2,642,185</u>	<u>\$ 2,796,046</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,499,730.

C. The credit quality of accounts receivable was in the following category based on the Company's Credit Quality Control Policy:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With guarantee	\$ 218,024	\$ 277,412
Without guarantee	2,072,683	2,142,802
	<u>\$ 2,290,707</u>	<u>\$ 2,420,214</u>

The Company holds commercial papers, real estate, guarantee deposits and deposits as collateral for accounts receivable.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$351,478 and \$375,832, respectively, while the amount that best represents the Company's accounts receivable were \$2,261,181 and \$2,413,462, respectively.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,215,578	\$ -	\$ 1,215,578
Packing supplies	34,816	-	34,816
Work in progress	48,570	-	48,570
Finished goods	882,806	(7,600)	875,206
	<u>\$ 2,181,770</u>	<u>(\$ 7,600)</u>	<u>\$ 2,174,170</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,574,867	\$ -	\$ 1,574,867
Packing supplies	28,034	-	28,034
Work in progress	65,266	-	65,266
Finished goods	809,770	(5,000)	804,770
	<u>\$ 2,477,937</u>	<u>(\$ 5,000)</u>	<u>\$ 2,472,937</u>

The cost of inventories recognised as expense for the year:

	For the year ended December 31,	
	2023	2022
Cost of goods sold	\$ 22,449,982	\$ 23,248,284
Loss on (gain on reversal of) decline in market value	2,600 (1,120)
Others	1,385	7,761
	<u>\$ 22,453,967</u>	<u>\$ 23,254,925</u>

- A. The cost of goods sold includes the cost of selling biological assets.
- B. Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.
- C. The Company recognised the increase or decrease in cost of goods sold due to the increase or decrease in net realisable value of certain finished goods resulting from the fluctuations in market prices.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method-subsidaries and joint ventures are provided as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Plenty Type Limited (Cayman Islands)	\$ 1,403,935	\$ 1,728,226
Charoen Pokphand (Taiwan) Corp., Ltd.	41,512	49,730
Arbor Acres Taiwan Co., Ltd.	117,914	94,185
Rui Mu Foods Co., Ltd.	124,611	130,058
Rui Fu Foods Co., Ltd.	275,711	317,014
Feng Sheng Livestock Co., Ltd.	91,399	94,713
	<u>\$ 2,055,082</u>	<u>\$ 2,413,926</u>

B. Share of profit (loss) of subsidiaries and joint ventures accounted for using equity method:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Plenty Type Limited (Cayman Islands)	\$ 19,063	\$ 33,395
Charoen Pokphand (Taiwan) Corp., Ltd.	8,327	17,718
Arbor Acres Taiwan Co., Ltd.	42,709	23,892
Rui Mu Foods Co., Ltd.	(5,447)	(25,384)
Rui Fu Foods Co., Ltd.	(39,658)	(14,836)
Feng Sheng Livestock Co., Ltd.	(3,314)	(5,447)
	<u>\$ 21,680</u>	<u>\$ 29,338</u>

C. Share of other comprehensive income (loss) of subsidiaries accounted for using equity method:

Components of other comprehensive income that will not be reclassified to profit or loss

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Plenty Type Limited (Cayman Islands)	(\$ 341,341)	(\$ 105,270)
Charoen Pokphand (Taiwan) Corp., Ltd.	72	647
Arbor Acres Taiwan Co., Ltd.	220	643
	<u>(\$ 341,049)</u>	<u>(\$ 103,980)</u>

Items may be subsequently reclassified to profit or loss

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Plenty Type Limited (Cayman Islands)	(\$ 2,013)	\$ 160,418

D. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2023.

(7) Biological assets

A. Biological assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Biological assets - current:		
Consumable biological assets	\$ 1,474,064	\$ 1,561,473
Consumable biological assets - changes in fair value less costs to sell	97,648	59,738
Bearer biological assets	392,015	324,265
Bearer biological assets - accumulated depreciation	(140,663)	(102,521)
	<u>\$ 1,823,064</u>	<u>\$ 1,842,955</u>
Biological assets - non-current:		
Bearer biological assets	\$ 672,921	\$ 604,654
Bearer biological assets - accumulated depreciation	(131,707)	(102,565)
	<u>\$ 541,214</u>	<u>\$ 502,089</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 2,345,044	\$ 1,919,539
Purchases	1,814,438	1,639,537
Costs and expenses input	8,633,529	8,637,261
Sales	(4,517,033)	(4,193,674)
Gain on change in fair value less cost to sell	37,910	21,509
Transfer to inventories	(5,920,459)	(5,668,674)
Others	(29,151)	(10,454)
At December 31	<u>\$ 2,364,278</u>	<u>\$ 2,345,044</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable

given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as cost of new-born animals, feed costs, and other farm costs.

Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks. For the years ended December 31, 2023 and 2022, depreciation expense on biological assets amounted to \$388,893 and \$323,158, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Estimates of physical quantities (Units: heads)	<u>5,547,123</u>	<u>4,843,410</u>

E. Financial risk management policies

The Company is exposed to commodity risks arising from changes in market prices of the chickens and swine. The Company does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Company reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(8) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>									
Cost	\$ 2,768,798	\$ 311,199	\$ 4,971,259	\$ 4,803,121	\$ 440,065	\$ 1,032,825	\$ 1,342,487	\$ 1,264,648	\$ 16,934,402
Accumulated depreciation and impairment	-	(91,088)	(1,489,747)	(2,447,811)	(212,409)	(738,244)	(566,518)	-	(5,545,817)
	<u>\$ 2,768,798</u>	<u>\$ 220,111</u>	<u>\$ 3,481,512</u>	<u>\$ 2,355,310</u>	<u>\$ 227,656</u>	<u>\$ 294,581</u>	<u>\$ 775,969</u>	<u>\$ 1,264,648</u>	<u>\$ 11,388,585</u>
<u>2023</u>									
Opening net book amount as at January 1	\$ 2,768,798	\$ 220,111	\$ 3,481,512	\$ 2,355,310	\$ 227,656	\$ 294,581	\$ 775,969	\$ 1,264,648	\$ 11,388,585
Additions	15,520	17,001	140,447	136,116	49,048	52,759	79,002	1,938,990	2,428,883
Disposals	-	-	-	(2,359)	(3,742)	(78)	(3,373)	-	(9,552)
Reclassifications	244,691	5,297	217,950	122,108	53,790	-	34,294	(678,130)	-
Depreciation	-	(24,856)	(273,887)	(326,652)	(66,612)	(75,924)	(120,148)	-	(888,079)
Closing net book amount as at December 31	<u>\$ 3,029,009</u>	<u>\$ 217,553</u>	<u>\$ 3,566,022</u>	<u>\$ 2,284,523</u>	<u>\$ 260,140</u>	<u>\$ 271,338</u>	<u>\$ 765,744</u>	<u>\$ 2,525,508</u>	<u>\$ 12,919,837</u>
<u>At December 31, 2023</u>									
Cost	\$ 3,029,009	\$ 330,928	\$ 5,252,213	\$ 4,944,319	\$ 508,923	\$ 1,072,855	\$ 1,426,959	\$ 2,525,508	\$ 19,090,714
Accumulated depreciation and impairment	-	(113,375)	(1,686,191)	(2,659,796)	(248,783)	(801,517)	(661,215)	-	(6,170,877)
	<u>\$ 3,029,009</u>	<u>\$ 217,553</u>	<u>\$ 3,566,022</u>	<u>\$ 2,284,523</u>	<u>\$ 260,140</u>	<u>\$ 271,338</u>	<u>\$ 765,744</u>	<u>\$ 2,525,508</u>	<u>\$ 12,919,837</u>

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2022</u>									
Cost	\$ 2,544,082	\$ 229,134	\$ 3,834,137	\$ 4,027,590	\$ 357,413	\$ 1,017,348	\$ 1,153,516	\$ 2,131,024	\$ 15,294,244
Accumulated depreciation and impairment	-	(69,964)	(1,315,362)	(2,321,932)	(178,607)	(675,916)	(464,637)	-	(5,026,418)
	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 2,544,082	\$ 159,170	\$ 2,518,775	\$ 1,705,658	\$ 178,806	\$ 341,432	\$ 688,879	\$ 2,131,024	\$ 10,267,826
Additions	30,992	25,497	146,968	133,893	48,070	37,244	67,348	1,454,536	1,944,548
Disposals	-	-	(502)	(2,300)	(2,291)	-	-	-	(5,093)
Reclassifications	193,724	57,542	1,061,513	821,942	57,918	530	127,743	(2,320,912)	-
Depreciation	-	(22,098)	(245,242)	(303,883)	(54,847)	(84,625)	(108,001)	-	(818,696)
Closing net book amount as at December 31	<u>\$ 2,768,798</u>	<u>\$ 220,111</u>	<u>\$ 3,481,512</u>	<u>\$ 2,355,310</u>	<u>\$ 227,656</u>	<u>\$ 294,581</u>	<u>\$ 775,969</u>	<u>\$ 1,264,648</u>	<u>\$ 11,388,585</u>
<u>At December 31, 2022</u>									
Cost	\$ 2,768,798	\$ 311,199	\$ 4,971,259	\$ 4,803,121	\$ 440,065	\$ 1,032,825	\$ 1,342,487	\$ 1,264,648	\$ 16,934,402
Accumulated depreciation and impairment	-	(91,088)	(1,489,747)	(2,447,811)	(212,409)	(738,244)	(566,518)	-	(5,545,817)
	<u>\$ 2,768,798</u>	<u>\$ 220,111</u>	<u>\$ 3,481,512</u>	<u>\$ 2,355,310</u>	<u>\$ 227,656</u>	<u>\$ 294,581</u>	<u>\$ 775,969</u>	<u>\$ 1,264,648</u>	<u>\$ 11,388,585</u>

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the year ended December 31,	
	2023	2022
Amount capitalised	\$ 23,187	\$ 11,456
Interest rate range	1.84%~1.92%	0.99%~1.75%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. As of December 31, 2023 and 2022, the Company held 139 parcels and 130 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$932,085 and \$809,770, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(9) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings, business vehicles, and other equipment. Rental contracts are typically made for periods of 1 to 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Land	\$ 290,005	\$ 292,431
Buildings	35,892	32,012
Other equipment	12,097	15,930
	\$ 337,994	\$ 340,373

	Depreciation charge	
	For the year ended December 31,	
	2023	2022
Land	\$ 33,685	\$ 30,213
Buildings	11,880	10,893
Other equipment	8,851	8,333
	\$ 54,416	\$ 49,439

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$59,703 and \$53,869, respectively.

D. The Company has no significant profit or loss in relation to lease contracts for the years ended December 31, 2023 and 2022.

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$59,523 and \$47,734, respectively.

(10) Intangible assets

Software

	<u>2023</u>	<u>2022</u>
<u>At January 1</u>		
Cost	\$ 15,725	\$ 14,574
Accumulated amortisation and impairment	(12,599)	(11,098)
	<u>\$ 3,126</u>	<u>\$ 3,476</u>
At January 1	\$ 3,126	\$ 3,476
Additions	49,639	1,151
Amortisation	(17,555)	(1,501)
At December 31	<u>\$ 35,210</u>	<u>\$ 3,126</u>
<u>At December 31</u>		
Cost	\$ 65,364	\$ 15,725
Accumulated amortisation and impairment	(30,154)	(12,599)
	<u>\$ 35,210</u>	<u>\$ 3,126</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	<u>\$ 3,034,040</u>	1.76%~1.99%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,240,000	1.49%~2.09%	None
Letters of credit	411,097	5.54%~6.22%	None
	<u>\$ 3,651,097</u>		

(12) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper payable	\$ 980,000	\$ 940,000
Less: Unamortised discounts	(1,595)	(1,852)
	<u>\$ 978,405</u>	<u>\$ 938,148</u>
Interest rate range	1.31%~1.80%	1.00%~1.95%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2023
Secured loans	2020.11.12~2030.10.15	1.25%~1.78%	\$ 1,020,953
Unsecured credit loans	2021.09.29~2030.10.03	1.76%~2.15%	6,780,000
			7,800,953
Less: Current portion			(264,286)
			<u>\$ 7,536,667</u>

Type of borrowings	Borrowing period	Interest rate range	December 31, 2022
Secured loans	2020.11.12~2030.10.15	1.13%~1.66%	\$ 1,080,000
Unsecured credit loans	2021.09.29~2028.09.29	1.43%~2.25%	5,960,000
			7,040,000
Less: Current portion			(648,095)
			<u>\$ 6,391,905</u>

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(14) Pensions

A. Defined benefit plan

- (a) The Company has defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 333,614)	(\$ 340,597)
Fair value of plan assets	<u>306,105</u>	<u>298,157</u>
Net defined benefit liability	<u>(\$ 27,509)</u>	<u>(\$ 42,440)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2023</u>			
Balance at January 1	(\$ 340,597)	\$ 298,157	(\$ 42,440)
Current service cost	(1,285)	-	(1,285)
Interest (expense) income	(4,059)	<u>3,626</u>	(433)
	<u>(345,941)</u>	<u>301,783</u>	<u>(44,158)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,709	2,709
Change in demographic assumptions	(4)	-	(4)
Change in financial assumptions	(2,227)	-	(2,227)
Experience adjustments	<u>(5,045)</u>	<u>-</u>	<u>(5,045)</u>
	<u>(7,276)</u>	<u>2,709</u>	<u>(4,567)</u>
Pension fund contribution	-	21,216	21,216
Paid pension	<u>19,603</u>	<u>(19,603)</u>	<u>-</u>
Balance at December 31	<u>(\$ 333,614)</u>	<u>\$ 306,105</u>	<u>(\$ 27,509)</u>

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
<u>2022</u>			
Balance at January 1	(\$ 376,613)	\$ 273,398	(\$ 103,215)
Current service cost	(1,608)	-	(1,608)
Interest (expense) income	(2,359)	1,740	(619)
	<u>(380,580)</u>	<u>275,138</u>	<u>(105,442)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	21,460	21,460
Change in financial assumptions	14,775	-	14,775
Experience adjustments	5,233	-	5,233
	<u>20,008</u>	<u>21,460</u>	<u>41,468</u>
Pension fund contribution	-	21,534	21,534
Paid pension	19,975	(19,975)	-
Balance at December 31	<u>(\$ 340,597)</u>	<u>\$ 298,157</u>	<u>(\$ 42,440)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	1.15%	1.25%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>2023</u>				
Effect on present value of defined benefit obligation	(\$ 21,211)	\$ 23,718	\$ 23,267	(\$ 21,240)
<u>2022</u>				
Effect on present value of defined benefit obligation	(\$ 22,503)	\$ 25,210	\$ 24,756	(\$ 22,556)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$15,638.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 6 years.

B. Defined contribution plan

Effective July 1, 2005, the Company has established defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$48,289

and \$47,463, respectively.

(15) Share capital

- A. As of December 31, 2023, the Company's authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,947,901, consisting of 294,790 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:(in thousand shares)

	<u>2023</u>	<u>2022</u>
At January 1	294,790	267,991
Shareholders' stock dividends	-	26,799
At December 31	<u>294,790</u>	<u>294,790</u>

- B. A resolution was passed during the shareholders' meeting held on June 23, 2022, for the undistributed surplus used in the issuance of 26,799 thousand ordinary shares, with par value of \$10 per share amounting to \$267,991. The resolution was approved by the Financial Supervisory Commission. The shares were issued on August 31, 2022 after the chairman was authorised by the board of directors on August 8, 2022. The total issued shares amounted to \$2,947,901 after the completion of capital increase, consisting of 294,790 thousand shares.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends. The Board of Directors of the Company may, upon resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, distribute dividends and bonus, or legal reserve and capital surplus, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash, which shall also be reported at the shareholders' meeting, while the proposal of appropriation

shall be approved by the shareholders if dividends would be distributed by issuing new shares.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2022 and 2021 have been resolved at the shareholders' meeting on June 15, 2023 and June 23, 2022, respectively, as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 158,984		\$ 137,043	\$ -
Cash dividends	1,031,765	\$ 3.50	803,973	3.0
Stock dividends	-	-	267,991	1.0

- E. On June 15, 2023, the stockholders during their meeting resolved to distribute cash dividends from the 2022 earnings in the amount of \$1,031,765, at \$3.50 (in dollars) per share. The effective date for the above distribution of cash dividends was September 20, 2023.
- F. For the year ended December 31, 2022, dividends distributed to the owners amounted to \$1,071,964 (\$4 dollars per share). On June 23, 2022, the stockholders during their meeting resolved to distribute cash dividends and stock dividends from the 2021 earnings at \$3 and \$1 per share (amounting to 26,799 thousand shares), respectively, and the total dividends amounted to \$1,071,964. The effective date for the above distribution of cash dividends was July 11, 2022, and the effective date for the distribution of stock dividends was August 31, 2022.

(18) Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 27,235,093	\$ 26,895,450

- A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time.

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities:		
Contract liabilities - advance receipts	\$ -	\$ 70

(19) Other income and expenses, net

Other income and expenses, net are gains (losses) on change in fair value less costs to sell of biological assets.

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other income and expenses, net	\$ 37,910	\$ 21,509

(20) Interest income

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 2,001	\$ 504

(21) Other income

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 11,602	\$ 9,086
Dividend income	13,621	24,463
Royalties income	1,400	29
	<u>\$ 26,623</u>	<u>\$ 33,578</u>

(22) Other gains and losses

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Gains (losses) on financial assets at fair value through profit or loss	(\$ 6,605)	\$ 919
Net foreign exchange gains (losses)	8,050	(39,464)
Gains on disposal of property, plant and equipment	5,553	4,285
Gains arising from lease modifications	856	201
Miscellaneous income	17,930	29,112
	<u>\$ 25,784</u>	<u>(\$ 4,947)</u>

(23) Finance costs

	For the year ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings and lease liabilities	\$ 187,695	\$ 131,394

(24) Expenses by nature

	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 1,147,551	\$ 699,764	\$ 1,847,315	\$ 1,068,324	\$ 647,724	\$ 1,716,048
Labor and health insurance	122,540	45,062	167,602	116,906	40,799	157,705
Pension costs	29,828	20,179	50,007	30,913	18,777	49,690
Directors' remuneration	-	37,269	37,269	-	36,504	36,504
Other personnel expenses (Note)	65,959	8,728	74,687	60,271	12,494	72,765
Depreciation on fixed assets	805,451	82,628	888,079	746,469	72,227	818,696
Depreciation on right-of-use assets	43,254	11,162	54,416	39,188	10,251	49,439
Amortisation	5,221	17,082	22,303	5,167	679	5,846

Note: Other personnel expenses include meal allowance, training expenses and employee benefits.

- A. As of December 31, 2023 and 2022, the Company had 2,383 and 2,226 employees, respectively, and had 5 directors for both years.
- B. For the years ended December 31, 2023 and 2022, the average employee benefits were \$900 and \$899, and the average salary expenses were \$777 and \$773, respectively. The change in adjustment on average salary expenses was 0.52%.
- C. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved to cover the accumulated losses in advance.
- D. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$28,696 and \$19,058, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the year ended December 31, 2023, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

- E. For 2022, the difference of \$442 between employees' compensation of \$19,500 resolved by the Board of Directors and the amount of \$19,058 recognised in the 2022 financial statements, mainly resulting from a variance in estimation, had been adjusted in profit or loss for 2023.
- F. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- G. The Company sets up the audit committee and therefore had no supervisors' remuneration for the years ended December 31, 2023 and 2022.
- H. The Company's overall salary is positioned above the market levels to cultivate and attract outstanding talents. The Company takes into consideration its operating situation and refers to the Consumer Price Index, economic growth rate, national income, and market and industry salary levels to ensure a highly competitive salary structure to motivate and retain high performance talents. In addition to strictly complying with the Labor Standards Act of the local government, the Company also pays attention to the correlation and design rationalisation between the Company's operating performance and employees' salaries.

Directors' remuneration is determined by the Board of Directors based on the pay levels of listed companies in the same industry and their contribution. Independent directors' remuneration is determined based on the market pay levels. Managers' salaries are highly correlated with the Company's operating results and performance, and managers' compensation and bonuses are determined based on their performance indicators every year.

Employees' compensation includes monthly salaries and bonuses. Employees' salary standards are determined based on their positions, education and work experience, professional expertise and market value. The base salaries and bonuses are determined in compliance with the Act of Gender Equality in Employment and are not different due to gender, religion, political stance and marital status, etc. The annual budget for salary adjustment is approximately 2% or more (depending on the Company's operating results and performance) and the salaries are adjusted to be in line with the market levels and based on the principle of fairness. The employees' bonuses are determined based on their positions and performance as encouragement. The vision is for employees to work as a team with the Company for mutual benefits and common prosperity to operate the business as a going concern.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 542,158	\$ 380,966
Tax on undistributed surplus earnings	19,955	8,071
Prior year income tax overestimation	(13,149)	(14,185)
Total current tax	<u>-</u>	<u>(6,623)</u>
	<u>548,964</u>	<u>368,229</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>9,351</u>	<u>6,663</u>
Total deferred tax	<u>9,351</u>	<u>6,663</u>
Income tax expense	<u>\$ 558,315</u>	<u>\$ 374,892</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the year ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 34,094)</u>	<u>\$ 6,220</u>
Remeasurement of defined benefit obligations	<u>(\$ 912)</u>	<u>\$ 8,294</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 565,456	\$ 386,053
Tax exempt income by tax regulation / Expenses disallowed by tax regulation	(13,947)	1,575
Prior year income tax over estimation	(13,149)	(14,184)
Tax on undistributed surplus earnings	19,955	8,071
Separate taxation (Repatriated Offshore Funds)	<u>-</u>	<u>(6,623)</u>
Income tax expense	<u>\$ 558,315</u>	<u>\$ 374,892</u>

C. (a) Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary differences:		
Accrued sales discounts	\$ 23,348	\$ 25,402
Provision for loss on spare parts	4,330	4,138
Pension expense in excess of the limit for tax purpose	5,502	8,488
Provision for inventory valuation loss and change in fair value of biological assets	(18,010)	(10,948)
Unrealised foreign investment income	(25,053)	(25,053)
Unrealised exchange loss	(239)	(1,180)
Changes in fair value of financial assets at fair value through other comprehensive income	39,464	5,370
Changes in fair value of financial liabilities at fair value through profit or loss	-	2,358
Others	4,812	(78)
	<u>\$ 34,154</u>	<u>\$ 8,497</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred tax assets	\$ 77,455	\$ 50,427
Deferred tax liabilities	(43,301)	(41,930)
	<u>\$ 34,154</u>	<u>\$ 8,497</u>

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences are as follows:

	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Recognised in profit or loss	(\$ 9,351)	(\$ 6,664)
Recognised in other comprehensive income (loss)	\$ 35,006	(\$ 14,514)

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

<u>For the year ended December 31, 2023</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 2,268,965	294,790
	<u>\$ 2,268,965</u>	<u>\$ 7.70</u>
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 2,268,965	294,790
Assumed conversion of all dilutive potential ordinary shares		
- employees' compensation	-	363
	<u>\$ 2,268,965</u>	<u>295,153</u>
		<u>\$ 7.69</u>

<u>For the year ended December 31, 2022</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 1,555,380	294,790
	<u>\$ 1,555,380</u>	<u>\$ 5.28</u>
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 1,555,380	294,790
Assumed conversion of all dilutive potential ordinary shares		
- employees' compensation	-	296
	<u>\$ 1,555,380</u>	<u>295,086</u>
		<u>\$ 5.27</u>

(27) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	For the year ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 2,428,883	\$ 1,944,548
Add: Opening balance of payable on equipment	37,523	69,952
Less: Ending balance of payable on equipment	(161,716)	(37,523)
Cash paid during the year	\$ 2,304,690	\$ 1,976,977

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) directly and indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public. CPG is the major shareholder of CPF.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand (Taiwan) Corp., Ltd.	Subsidiary
Arbor Acres Taiwan Co., Ltd.	"
Rui Mu Foods Co., Ltd.	"
Rui Fu Foods Co., Ltd. and its subsidiaries	"
Sheng Da Foods Co., Ltd.	"
Feng Sheng Livestock Co., Ltd.	The Group is a co-venturer of the joint venture
Charoen Pokphand Group Co., Ltd. (CPG)	Other related party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Hung Yu-Chun	"
Lu Xiang-Da	"
Lu Yi-Feng	"
Lu Pei-Lun	"
Lan Fu-Shi	"
Charoen Pokphand Seeds Co., Ltd.	"
Hung Peng-Da	"
Hung Jin-Zheng	"
Jih Ching Egg Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31,	
	2023	2022
Sales of goods:		
Subsidiaries	\$ 442,178	\$ 373,686
The Group is a co-venturer of the joint venture	855	-
Other related parties	236,810	239,074
	<u>\$ 679,843</u>	<u>\$ 612,760</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the year ended December 31,	
	2023	2022
Purchases of goods:		
Ultimate parent company	\$ 69,703	\$ 92,558
Subsidiaries	480,917	239,498
Other related parties	32,730	34,052
	<u>\$ 583,350</u>	<u>\$ 366,108</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes and accounts receivable:		
Subsidiaries	\$ 78,642	\$ 82,195
Other related parties	52,914	44,952
	<u>131,556</u>	<u>127,147</u>
Other receivable:		
Subsidiaries	343	207
	<u>\$ 131,899</u>	<u>\$ 127,354</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payable:		
Subsidiaries	\$ 61,496	\$ 19,090
Other related parties	<u>3,804</u>	<u>412</u>
	<u>65,300</u>	<u>19,502</u>
Other payables:		
Subsidiaries	498	295
Other related parties	<u>9,468</u>	<u>26,814</u>
	<u>9,966</u>	<u>27,109</u>
	<u>\$ 75,266</u>	<u>\$ 46,611</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest. The other payables arise mainly from technical service expenses and trademarks.

E. Rental income (shown as ‘Other income’)

<u>Lessee</u>	<u>For the year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 1,800	\$ 2,220
Other related parties	<u>86</u>	<u>86</u>
	<u>\$ 1,886</u>	<u>\$ 2,306</u>

The rental receivables are collected annually based on the contracts.

F. Property transactions

(a) Acquisition of property, plant and equipment

The Company purchased land and buildings from other related party for operational expansion amounting to \$68,660 as resolved by the Board of Directors in August 2022. As of December 31, 2023 and 2022, the unpaid amounts were \$10,660 and \$20,660, respectively.

(b) Acquisition of financial assets

	<u>General ledger account</u>	<u>Number of shares traded</u>	<u>The subject of the transaction</u>	<u>December 31, 2023 Acquisition price</u>
Subsidiaries	Financial assets at fair value through profit or loss	15,000,000	Preferred share	<u>\$ 150,000</u>

G. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB 12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2023 and 2022, the Company recognised technical service expenses amounting to \$11,139 and \$10,840, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2023 and 2022, the Company recognised technical service expense amounting to \$8,400 for both years.

H. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use ‘CP’ as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2023 and 2022, the Company recognised royalties amounting to \$99,044 and \$92,361, respectively.

I. SAP software and maintenance agreement

The Company signed a contract about license and maintenance of SAP software with CPF IT in April 2023. The contract authorises the Company to use the SAP system software and the maintenance agreement amounting to \$8,010 and \$1,332, respectively. The licensing fee was amortised in 3 years. For the year ended December 31, 2023, the Company recognised amortisation amounting to \$2,670.

(4) Key management compensation

	For the year ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 192,817	\$ 190,359
Post-employment benefits	1,557	1,544
	<u>\$ 194,374</u>	<u>\$ 191,903</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	
Time deposits - shown as 'Other current assets'	\$ 9,650	\$ 9,650	Guarantee deposit
Land	862,987	862,987	Long-term borrowings
Buildings and structures	596,151	620,850	Long-term borrowings
Machinery and equipment	497,368	523,066	Long-term borrowings
Construction in progress	69,828	73,909	Long-term borrowings
	<u>\$ 2,035,984</u>	<u>\$ 2,090,462</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company subsequently invested to establish chicken farms in Hualien County starting from 2018, and had submitted an application to the Hualien County Government for approval based on the Company's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Company's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Company took in order to reach consensus with local residents and resolve controversy. The Company has appointed lawyers and filed an appeal as administrative remedy. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Company did not obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Company has appointed a lawyer to file an appeal. As of December 31, 2023, the related costs incurred by the Company amounted to \$71,281, excluding the cost of land.

(2) Commitments

- A. As of December 31, 2023 and 2022, the Company had opened unused letters of credit for purchases of raw materials and machinery of \$643,903 and \$508,723, respectively.
- B. As of December 31, 2023 and 2022, the Company had several outstanding construction contracts and equipment purchase agreements amounting to \$1,296,879 and \$989,117, respectively, which will be paid on the basis of percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A. In February 2024, the Board of Directors of the subsidiary, Rui Fu Foods Co., Ltd., resolved to increase its capital in the amount of \$100,000 by issuing 10,000,000 shares of common shares with par value of \$10 (in dollars) per share. The effective date for the capital increase was set on March 6, 2024.

B. In February, 2024, the Board of Directors of the subsidiary, Sheng Da Foods Co., Ltd., resolved to increase its capital in the amount of \$40,000 by issuing 4,000,000 shares of common shares with par value of \$10 (in dollars) per share. The effective date for the capital increase was set on March 11, 2024.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss on initial recognition	\$ 144,000	\$ -
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	1,277,060	972,692
Financial assets at amortised cost		
Cash and cash equivalents	139,001	122,778
Notes receivable (including related parties)	351,478	375,832
Accounts receivable (including related parties)	2,392,737	2,540,609
Other accounts receivable (including related parties)	16,083	50,953
Refundable deposits	60,817	36,904
Other financial assets - current	9,650	9,650
	<u>\$ 4,390,826</u>	<u>\$ 4,109,418</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Financial liabilities designated as at fair value through profit or loss on initial recognition	\$ -	\$ 11,791
Financial assets at amortised cost		
Short-term borrowings	3,034,040	3,651,097
Short-term notes and bills payable	978,405	938,148
Notes payable (including related parties)	633,450	590,819
Accounts payable (including related parties)	796,596	894,025
Other accounts payable (including related parties)	1,018,323	849,806
Long-term borrowings (including current portion)	7,800,953	7,040,000
Lease liability	<u>\$ 14,261,767</u>	<u>\$ 13,975,686</u>
	<u>\$ 321,074</u>	<u>\$ 329,416</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and HKD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed

to foreign currency translation risk.

- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	80	30.66	\$ 2,446
THB:NTD	THB	20,946	0.88	18,468
<u>Non-monetary item</u>				
HKD:NTD	HKD	357,131	3.93	1,403,935
THB:NTD	THB	1,430,073	0.89	1,277,060
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	4,689	30.76	\$ 144,195

December 31, 2022				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	40	30.66	\$ 1,231
<u>Non-monetary item</u>				
HKD:NTD	HKD	440,167	3.93	1,728,226
THB:NTD	THB	1,098,216	0.89	972,692
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	18,187	30.76	\$ 559,422
EUR:NTD	EUR	61	32.92	2,015

- v. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$8,050 and (\$39,464), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
	USD : NTD	1%	\$ 24	\$ -
	THB : NTD	1%	185	-
<u>Non-monetary item</u>				
	HKD : NTD	1%	-	14,039
	THB : NTD	1%	-	12,771
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	(\$ 1,442)	\$ -
		2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
	USD : NTD	1%	\$ 12	\$ -
<u>Non-monetary item</u>				
	HKD : NTD	1%	-	17,282
	THB : NTD	1%	-	9,727
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	(\$ 5,594)	\$ -
	EUR : NTD	1%	(20)	-

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through other comprehensive income. Refer to Note 6(2) and Note 6(3).
- ii. For the Company's strategies for biological assets price risk, refer to Note 6(6).
- iii. The Company's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$10,216 and \$7,782, respectively, as a result of post-tax gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in NTD.
- ii. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the years ended December 31, 2023 and 2022, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022, would have been \$62,408 and \$56,320 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Based on the Company's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Company should strengthen controls and make follow-up procedures.
- iv. The Company pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. For the years ended December 31, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures amounted to \$11,214 and \$7,699, respectively.
- vii. The Company used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. As of December 31, 2023 and 2022, the expected loss rate is as follows:

	<u>Current</u>	<u>Up to 120 days</u>	<u>121-365 days</u>	<u>Over one year</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0.05%	1.5%~100%	100%	100%	
Total book value	\$ 2,432,841	\$ 189,089	\$ 15,603	\$ 4,652	\$ 2,642,185
Loss allowance	1,275	7,996	15,603	4,652	29,526
	<u>Current</u>	<u>Up to 120 days</u>	<u>121-365 days</u>	<u>Over one year</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0.05%	1.5%~100%	100%	100%	
Total book value	\$ 2,648,493	\$ 145,446	\$ 55	\$ 2,052	\$ 2,796,046
Loss allowance	1,439	3,206	55	2,052	6,752

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	\$ 6,752	\$ 7,578
Provision for impairment loss	23,264	(442)
Write-offs	(490)	(384)
At December 31	<u>\$ 29,526</u>	<u>\$ 6,752</u>

The reversal of and provision for (reversal of) impairment loss arising from customers' contracts for the years ended December 31, 2023 and 2022 amounted to \$23,264 and (\$442), respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2023	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,034,040	\$ -	\$ -
Short-term notes and bills payable	980,000	-	-
Notes payable (including related parties)	633,450	-	-
Accounts payable (including related parties)	796,596	-	-
Other payables (including related parties)	1,018,323	-	-
Lease liabilities	29,609	154,693	158,476
Long-term borrowings (including current portion)	407,208	7,373,303	326,566

Non-derivative financial liabilities

December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,651,097	\$ -	\$ -
Short-term notes and bills payable	940,000	-	-
Notes payable (including related parties)	590,819	-	-
Accounts payable (including related parties)	894,025	-	-
Other payables (including related parties)	849,806	-	-
Lease liabilities	31,890	147,505	173,115
Long-term borrowings (including current portion)	758,719	5,674,637	877,495
<u>Derivative financial liabilities</u>			
Current financial liabilities at fair value through profit or loss	11,791	-	-

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in biological assets is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,183,346	\$ -	\$ 1,183,346
Financial assets at fair value through profit or loss:				
Non-listed preferred shares	\$ -	\$ -	\$ 144,000	\$ 144,000
Financial liabilities at fair value through profit or loss:				
Derivatives instruments	\$ 1,277,060	\$ -	\$ -	\$ 1,277,060
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,231,923	\$ -	\$ 1,231,923
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 972,692	\$ -	\$ -	\$ 972,692
Financial liabilities at fair value through profit or loss:				
Derivatives instruments	\$ -	\$ 11,791	\$ -	\$ 11,791

D. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices and which are classified as available-for-sale financial assets.
- (b) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- (c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(7).

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

G. The following chart is the movement of Level 3 for the year ended December 31, 2023:

	<u>Equity</u>
	<u>2023</u>
At January 1	\$ -
Acquired during the year	150,000
Recognized in profit or loss	<u>(6,000)</u>
At December 31	<u>\$ 144,000</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2023	<u>(\$ 6,000)</u>

H. The third party is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

Non-derivative equity	December 31, 2023 Fair value	Evaluation technology	Material unobservable input values	Range Weighted average	The relationship between input values and fair value
Non-listed preferred shares	\$ 144,000	Market Law	Lack of market liquidity discount, Price-to-book multiple	0.15 ~ 1.10	The higher the lack of market liquidity discount, the lower the fair value; the higher the multiplier, the higher the fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the year ended December 31, 2023: None.

C. Holding of marketable securities at December 31, 2023 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
The Company	Common share	Charoen Pokphand Foods Public Company Limited	(Note)	Financial assets at fair value through other comprehensive income	72,962,900	\$ 1,277,060	0.85%	\$ 1,277,060	
Plenty Type Limited (Cayman Islands)	Common share	Charoen Pokphand Foods Public Company Limited	(Note)	Financial assets at fair value through other comprehensive income	76,800,000	1,343,613	0.89%	1,343,613	
The Company	Special share	Rui Mu Foods Co., Ltd.	Subsidiary	Financial assets at fair value through comprehensive income	15,000,000	144,000	100.00%	144,000	

Note : Investee company accounted for as financial assets at fair value through other comprehensive income by the Company and Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid -in capital during the year ended December 31, 2023:

Purchaser/seller	Marketable securities		General ledger account	Counterparty	Relationship with the counterparty	As of December 31, 2022		Buy		As of December 31, 2023	
	Types	Name				Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
Charoen Pokphand Enterprise (Taiwan) Co., Ltd.	Common share	Charoen Pokphand Foods Public Company Limited	Financial assets at fair value through other comprehensive income	-	-	44,282,900	\$ 999,545	286,800,000	\$ 474,837	72,962,900	\$ 1,474,382

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2023: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2023: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the year ended December 31, 2023:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Sales revenue	\$285,003	1.05%	60 days	The same as general transactions	None	\$ 42,186	1.54%	
The Company	Rui Mu Foods Co., Ltd.	Subsidiary	Sales revenue	115,871	0.43%	180 days	The same as general transactions	None	29,261	1.07%	
The Company	Arbor Acres Taiwan Co., LTD	Subsidiary	Purchases	141,977	0.77%	105 days	The same as general transactions	None	14,593	1.02%	
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Purchases	190,344	1.03%	105 days	The same as general transactions	None	-	0.00%	

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at December 31, 2023: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2023: Refer to Note 6(2).

J. Significant inter-company transactions during the year ended December 31, 2023: The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2023				Net profit (loss) of the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value				
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 470,459	57,841,941	100.00	\$ 1,403,935	\$ 19,063	\$ 19,063	Subsidiary (Note 1)	
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	41,512	9,253	8,327	Subsidiary	
The Company	Arbor Acres Taiwan Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	117,914	85,417	42,709	Subsidiary	
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	11,831,700	68.00	124,611	(16,834)	(5,447)	Subsidiary	
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	408,000	408,000	40,800,000	51.00	275,711	(77,761)	(39,658)	Subsidiary (Note 1)	
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	91,399	(6,629)	(3,314)	Investment accounted for using equity method - joint ventures	
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	3,181	(439)	-	Indirectly owned subsidiary (Note 2)	
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	210,000	120,000	21,000,000	80.77	108,568	(66,778)	-	Indirectly owned subsidiary (Note 2)	

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income (loss) has been recognised by subsidiaries and indirectly owned subsidiaries.

(3) Information on investments in Mainland China

None.

(4) Major shareholder information

<u>Name of major shareholders</u>	<u>Shares</u>	
	<u>Name of shares held</u>	<u>Ownership (%)</u>
Charoen Pokphand Foods Public Co., LTD (CPF)	83,676,832	28.38
Chun Ta Investment Co., Ltd.	17,120,207	5.80

14. OPERATING SEGMENT INFORMATION

None.

Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Status

Unit: NT\$ 1,000

Item	Year	2023	2022	Difference		Note
				Amount	%	
Current assets		\$ 8,048,171	\$ 8,710,779	(662,608)	(7.61)	
Non-current financial assets at fair value through other comprehensive income		2,620,673	2,659,785	(39,112)	(1.47)	
Property, plant and equipment, net		15,332,016	13,789,365	1,542,651	11.19	
Intangible assets		35,216	3,155	32,061	1016.20	2.(1)
Other assets		1,333,721	1,230,661	103,060	8.37	
Total assets		27,369,797	26,393,745	976,052	3.70	
Current liabilities		8,103,762	8,875,035	(771,273)	(8.69)	
Non-current liabilities		9,043,618	8,030,946	1,012,672	12.61	
Total liabilities		17,147,380	16,905,981	241,399	1.43	
Equity attributable to owners of parent		9,753,324	8,996,968	756,356	8.41	
Share capital		2,947,901	2,947,901	0	0.00	
Capital surplus		10,534	6,640	3,894	58.64	
Retained earnings		6,127,471	4,895,278	1,232,193	25.17	2.(2)
Other equity interest		667,418	1,147,149	(479,731)	(41.82)	2.(3)
Non-controlling interest		469,093	490,796	(21,703)	(4.42)	
Total equity		10,222,417	9,487,764	734,653	7.74	

Note 1: Please refer to the Explanation (Note 2) about variance of items above when the variation is 20% or more and the amount is equal or larger than 20 million.

Note 2: Explanation

- (1) The increase in intangible assets is mainly due to the Group's introduction of the SAP system in 2023, resulting in related software licensing, introduction fees and related maintenance fees and other expenses.
- (2) The increase in retained earnings is mainly due to the increase in profits in 2023. (For relevant instructions, please refer to "Five Year Financial Analysis" on page 72 of this annual report).
- (3) The decrease in other equity is due to the Group holds shares of the Thailand parent company's listed company and is affected by the decline in stock prices.

II. Analysis of Financial Performance

Unit: NT\$ 1,000

Item	Year	2023	2022	Difference		Explanation of variance
				Amount	%	
Operating revenue		\$29,159,749	\$28,959,220	200,529	0.69	
Operating costs		(24,157,745)	(25,082,443)	(924,698)	(3.69)	
Net operating margin		5,002,004	3,876,777	1,125,227	29.02	1
Operating expenses		(2,112,580)	(1,894,607)	217,973	11.50	
Other income and expense, net		37,910	21,509	16,401	76.25	
Operating profit		2,927,334	2,003,679	923,655	46.10	
Non-operating income and expenses		(112,421)	(75,436)	36,985	49.03	2
Profit before income tax		2,814,913	1,928,243	886,670	45.98	
Income tax expense		(558,477)	(378,069)	180,408	47.72	3
Profit for the year		\$ 2,256,436	\$ 1,550,174	706,262	45.56	

Note1: Please refer to the explanation of variance when the variation is 20% or more and the amount is equal or larger than 20 million.

Note2: The Company's business scope has not changed significantly. The Company has adopted the following countermeasures, which are expected to gradually receive positive benefits.

- (1) Use the Parent Company's existing global commodity procurement information to enhance procurement advantage and competitiveness.
- (2) Establish stable marketing channels by setting up brand channels, expanding cooperation with outstanding distributors, and building regional distribution and sales centers.
- (3) Focus on the major business and expand livestock production lines.
- (4) Introduce the Group's technology, R&D and managerial personnel to assist the Company to gain higher profits.

Note 3: The annual sales quantity in the coming year is expected to show slight growth compared with 2023 mainly due to:

- (1) In recent years, the Company has not only cooperated with farmers in breeding, but also assisted farmers in improving the breeding environment in order to improve production efficiency.
- (2) Construct a completed upstream, mid-stream and downstream vertical integration industrial chain to reduce production cost effectively.
- (3) In addition to the continuous construction of brand channels, the e-commerce platform channels which have been actively invested in by the Company in recent years have also grown steadily. Combined with the diversified development of modern people's consumption habits to comprehensively expand the mobile shopping for the vast market demand.

Explanation of variance:

1. The price and volume analysis of operating gross profit changes is as follows:

Major Products	Amount of variance	Price of variance	Cost of variance	Product mix of variance	Number of variance
Feed, Extruded Ingredients	\$ 166,776	(\$ 216,902)	\$ 523,871	(\$ 16,518)	(\$ 123,675)
Livestock Fresh Meat	854,511	1,222,471	(444,319)	52,136	24,223
Consumable Food	103,940	589,727	(486,052)	7,171	(6,906)
Total	\$ 1,125,227	\$ 1,595,296	(\$ 406,500)	\$ 42,789	(\$ 106,358)

(1) Gross profit of Feed and Extruded Ingredients increased:

In the current period, due to the stabilization of international commodity and raw material prices, although feed prices have been reduced due to market mechanisms, the Group has procurement advantages and therefore has appropriate cost control, resulting in a decrease in production costs in this period, so gross profit in this period has increased.

(2) Gross profit of Livestock Fresh Meat increased:

Affected by climate change, avian influenza and reduced market supply, the overall consumer market is demand over supply, and market prices have risen sharply; as the Group continues to promote breeder farms, hatcheries, broiler farms, and electric slaughterhouses vertical integration of factories and other plants has effectively reduced feeding costs and reduced the impact of increased outsourcing costs; therefore, gross profit increased significantly in this period.

(3) Gross profit of Consumable Food increased:

Affected by the food safety crisis, consumers have become increasingly dependent on brands. The Group promotes brand marketing to build consumer confidence in the brand through all-round sales channels such as large-scale mass merchandisers, convenience stores, supermarkets and the internet ,in addition to developing new products to satisfy consumers' taste buds seeking novelty and change, improving product processing levels, and adding high value-added products through the product mix, the selling price increased in the current period;in terms of costs, although the price of raw materials increased and the labor cost of One fixed day off and one flexible rest day was Under the influence of the increase, costs have increased; the overall gross profit of consumer food is still rising.

2. The increase in non-operating income and expenses was mainly due to

(1) the Group's continued increase in capital expenditures and the impact of domestic interest rate lifted, which resulted in an increase in financial costs of 61 million dollars in 2023 compared with the financial costs in 2022 (2) the impact of the US dollar the impact of Taiwan dollar exchange rate fluctuations caused the exchange gains in 2023 to increase non-operating income by NT\$49 million compared with the exchange losses in 2022. (3) The dividend income in 2023 decreased by NT\$29 million compared with the dividend income in 2022,the annual non-operating revenue and expenditure in 2023 increased compared with the non-operating expenditure in 2022.

3. The increase in income tax expenses was due to the 46% increase in profit before income tax 2023 compared with the pre-tax net profit in 2022. As a result, the income tax expenses in 2023 also increased simultaneously compared with the income tax expenses in 2022.

III. Analysis of Cash Flow

1. Liquidity Analysis for the last two years

Item	Year		Variance (%)
	Dec. 31, 2023	Dec. 31, 2022	
Cash Flow Ratio (%)	51.09%	15.80%	223.35%
Cash Flow Adequacy Ratio (%)	52.81%	39.84%	32.56%
Cash Reinvestment Ratio (%)	12.55%	2.67%	370.04%
<p>Analysis of variance: The Cash flow ratio and Cash reinvestment ratio increased which resulted from increasing net cash inflow from operating activities, increasing current liabilities, and increasing investments in plant and equipment and decreasing in cash dividend. The main reasons are as follows:</p> <ol style="list-style-type: none"> 1. Increase in Net cash inflow from operating activities: Mainly due to the decrease in inventory and biological assets in 2023 compared with the same period of 2022 and the increase in net profit in 2023 compared with the same period of 2022. Therefore, the net cash inflow from operating activities in 2023 increased compared with the same period of 2022. 2. Decrease in Current liabilities: in order to improve the financial structure, borrow long-term borrowings to finance long-term investments, fixed asset expenditures and repay short-term borrowings. 3. Increase in investments in plant and equipment: in terms of capital expenditures, (1) continue to invest in improving existing plant and equipment and purchasing automation equipment to expand the production capacity of existing production lines and increase market share; (2) increase investment in the stock of the Thailand parent company to share the global layout of the parent company contribution. 			

2. Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
275,585	2,882,606	3,113,492	44,699	-	-

IV. Major Capital Expenditure Items

1. Major Capital Expenditure Items and Sources of Capital

2023 Major Capital Expenditure was NT\$2,584,100 thousand, mainly investing in construction and improvements of chicken farms and pig farms, and the rest was invested in construction and improvements of Taichung Plant, Kaohsiung Plant, and Nantou Plant.

Sources of Capital are the Company's operating revenue and bank loan.

2. Expected Benefits : Increase production capacity and quantity, and enhance quality.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

1. Investment Policy and Operating Profits of Subsidiaries:

The Company has been dedicated to the agriculture, livestock, and food core business for a long time and focuses on making long-term and strategic investments to establish a business model to integrate upper, middle, and lower stream of the industry, including feed manufacturing, livestock breeding, electric slaughtering, fresh frozen meat, meat processing food, egg products, etc. Please refer to the notes of the Consolidated Financial Report of the profit of subsidiaries.

2. Investment Plan for the Coming Year: There is currently no clear investment plan

VI. Analysis of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

Since 2024, due to global inflation slowing down, the economic outlook is optimistic, and U.S. dollar interest rates are expected to cut, interest rates and inflation will not currently have an immediate and significant impact on the company, but the company will pay close attention and respond prudently. The exchange rate of the US dollar against the New Taiwan dollar has been relatively stable recently compared with 2023. In order to reduce exchange risks, the foreign exchange liability position will be strictly controlled and forward foreign exchange will be pre-purchased in a timely manner for the purpose of hedging.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company did not engage in any high-risk, high-leveraged investments, nor engage in any activities of lending or endorsement guarantees. Regarding derivatives transactions, all were conducted in accordance with the related Procedures established by the Company.

3. Future Research & Development Projects and Corresponding Budget

- (1) Research the manufacturing technology of clean label products and reduce the use of additives, with an estimated NT\$2 million to be input into R&D.
- (2) Implement technologies of Thailand prepared foods and develop various countries' cuisine product series, with an estimated NT\$1 million to be input into R&D.
- (3) Introduce cutting-edge automatic equipment from abroad and strengthen the application of manufacturing technology to improve the quality and efficiency of production, with an estimated NT\$1 million to be input into R&D.

4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

5. Effects of and Response to Changes in Technology (including cyber security risks) and the Industry Relating to Corporate Finance and Sales:

Assessment and Countermeasures of Information Security and Risk

(1) Information Asset Categories which shall be Protected

- A. Information Records: Databases, data files, system planning and design documents, instructions and operating manuals, business processes, contracts, education training materials, system documents, guidelines for internal control and management, and other relevant rules and regulations.
- B. Computer systems: Computer operating systems, application systems, development tools, package software, utilities, etc.
- C. Personnel:
Internal personnel: Application system development and maintenance personnel, application system development and maintenance personnel, system management personnel, information and equipment owners and custodians, information/document production personnel and general users, including official and unofficial personnel.
External personnel: Contractors and business partners.
- D. Infrastructure services: Power services, air conditioning services, network services, telecommunication services.
- E. Physical areas: Employee office, host control room, control area and access control room.
- F. Physical equipment: Hosts, communication equipment, storage media, utilities equipment.

(2) Countermeasures:

- A. The information security policies shall be regularly evaluated in an independent and objective manner in order to follow the latest government's information security management policies, laws, and techniques, to ensure practical operations of information security in compliance with information security policies, and to check the feasibility and effectiveness of those operations.
- B. Information security policy assessments may be carried out by internal audit department, independent and objective senior supervisors, or professional and fair organizations and groups.
- C. Regularly perform security assessments on persons and departments they belong with information system and technical application to ensure they are in compliance with information security policies and regulations.
 - a. Targets shall be included in information security assessment: Information facilities and system providers, information and data owners, users, and managers, system maintenance personnel and other relevant personnel.
 - b. Information system owners shall regularly cooperate with information security assessments and review whether or not relevant personnel comply with information security policies and related regulations.
 - c. Regularly review and assess the safety of the software and hardware to ensure the compliance of safety standards formulated by Authorities. Assessment of operating system shall be included to ensure the accuracy and effectiveness of the safety measures for software and hardware.

-
- d. In case of inadequate professional manpower and experience, professional private organizations, groups, scholars or experts may be commissioned to provide assistance.
 - e. System security assessments shall be carried out manually by well-experienced system engineers with professional knowledge and under the supervision of authorized supervisors or automated software tools may be adopted to perform security checks and generate technical assessment reports that facilitate future interpretation and analysis.
- D. Announcement of Information Security Policies and Regulations
- a. Information security policies, the roles and responsibilities of personnel in information security, and relevant provisions shall be explained in work instructions and relevant operational manuals.
 - b. Information security policies, explanations, and regulations provisioned in work instructions or operational manuals should include general responsibilities for implementing and maintaining information security policies, and special responsibilities for protecting specific information assets, and executing specific security procedures and practices.
 - c. Employees who violate information security policies will be punished in accordance with the provisions.
6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.
7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.
8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.
9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None.
10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.
12. Litigation or Non-litigation Matters:
The Company and its directors, CEO, management team, major shareholders with over 10% shareholdings and subsidiaries are not involved in lawsuits, non-lawsuits or administrative lawsuits.
13. Other Major Risks: None.
- VII. Other Important Matters: None.

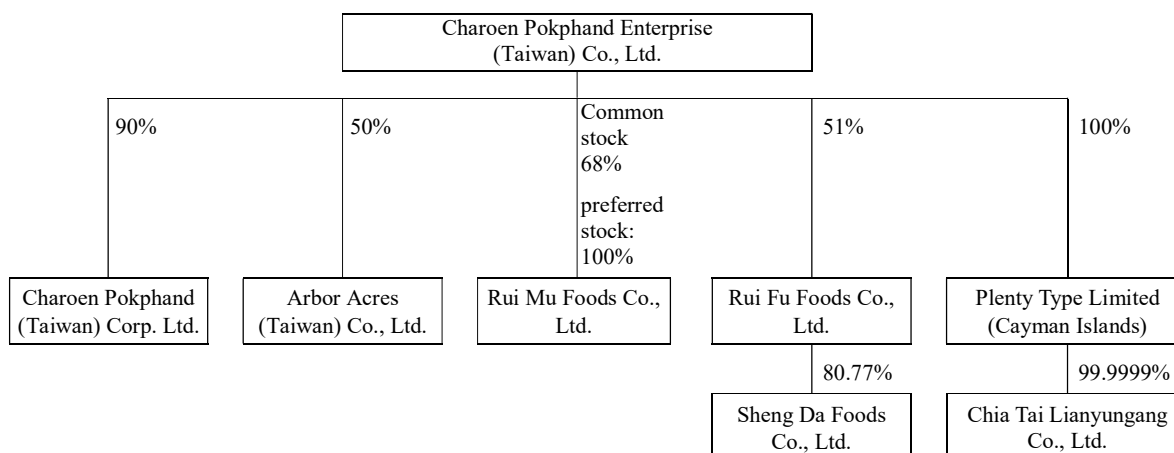
Special Disclosure

I. Summary of Affiliated Companies

1. Consolidated Business Report of Affiliated Companies

(1) Affiliated Companies Overview

A. Affiliates' Organization Chart



B. Basic Information of Affiliates

Unit: NT\$1,000

Entity Name	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Plenty Type Limited (Cayman Islands)	Aug. 15, 1996	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies	470,459	Management of producing and non-producing business investments.
Charoen Pokphand (Taiwan) Corp. Ltd.	Jan. 16, 1970	17F, No.87, Songjiang Rd., Taipei City	27,152	Management of importing and exporting business
Arbor Acres (Taiwan) Co., Ltd.	Mar. 5, 1973	17F, No.87, Songjiang Rd., Taipei City	32,000	Husbandry management of chickens to produce breeder chicken and daily chicken.
Rui Mu Foods Co., Ltd.	Sep. 19, 2016	17F, No.87, Songjiang Rd., Taipei City	323,996	Management of layers and related business
Rui Fu Foods Co., Ltd.	Dec. 21, 2016	17F, No.87, Songjiang Rd., Taipei City	800,000	Management of layers and related business
Sheng Da Foods Co., Ltd.	Dec. 13, 2019	17F, No.87, Songjiang Rd., Taipei City	260,000	Management of eggs and related business.
Chia Tai Lianyungang Co., Ltd.	Jan. 30, 1992	21F., Far East Finance Centre, 16 Harcourt Road, Hong Kong	3,349	Management of producing and non-producing business investments.

C. Presumed Control and Be-controlled Relation Information: NA.

D. Line of business for the inter-companies:

The lines of business for the inter-companies cover feeds manufacture, livestock culture, butchery and food processing, poultry and livestock breeding, import-export trade, restaurants and investments. All inter-companies operate independently and form the whole channel of the vertical integration. Through mutual support in technology, production, marketing and service network, to create the great benefit of this group, keep expanding and offer the best products to consumers to ensure its leadership in Taiwan.

E. Information regarding Directors, Supervisors, and President of Affiliates

Unit: Shares ; %

Entity Name	Position	Name or Representative	Shareholding	
			Shares	%
Plenty Type Limited (Cayman Islands)	1 Director	Wu Yeh Cheng	0	0.00
	2 Director	Chu Hsiung Lin	0	0.00
	3 Director	Monchai Leelaharat (1~3 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 57,841,941	0.00 100.00
Charoen Pokphand (Taiwan) Corp., Ltd.	1 Chairman	Chu Hsiung Lin	0	0.00
	2 Director	Thong Chotirat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 2,443,716	0.00 90.00
	3 Director	Wu Yeh Cheng	271,524	10.00
	4 Supervisor	Monchai Leelaharat	0	0.00
Arbor Acres (Taiwan) Co., Ltd.	1 Chairman	Chu Hsiung Lin	0	0.00
	2 Director	Thong Chotirat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 1,600,000	0.00 50.00
	3 Director	Rafael Monleon Soria (3 is Representative of Aviagen Inc.)	0 1,024,000	0.00 32.00
	4 Supervisor	Wu Yeh Cheng	504,000	15.75
Rui Mu Foods Co., Ltd.	1 Chairman	Yen Chun Liu	0	0.00
	2 Director	Monchai Leelaharat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 Common stock 11,831,700 preferred stock 15,000,000	0.00 68.00 100.00
	3 Director	Wei Yi Huang (3 is Representative of Muda Egg Products Company Limited)	0 Common stock 5,567,859	0.00 32.00
	4 Supervisor	Chao Jen Chen	0	0.00
	5 Supervisor	Chin Cheng Hung	0	0.00
Rui Fu Foods Co., Ltd.	1 Chairman	Chao Jen Chen	0	0.00
	2 Director	Monchai Leelaharat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 40,800,000	0.00 51.00
	3 Director	Yi Feng Lu (3 is Representative of Chensan Development Company)	0 34,300,000	0.00 42.875
	4 Director	Ji Wei Zeng (4 is Representative of Chensan Poultry Farm & Co., Ltd.)	0 4,900,000	0.00 6.125
	5 Supervisor	Wei Yueh Chang	0	0.00
Sheng Da Foods Co., Ltd.	1 Chairman	Chih Cheng Liu	0	0.00
	2 Director	Monchai Leelaharat (1~2 are Representatives of Rui Fu Foods Co., Ltd.)	0 21,000,000	0.00 80.769
	3 Director	Yung Ching Chiu (3 is Representative of Jih Ching Egg Co., Ltd.)	3,000,000	11.538
	4 Supervisor	Chao Jen Chen	0	0.00
Chia Tai Lianyungang Co., Ltd.	1 Director	Thirayut Phitya-Isarakul	0	0.00
	2 Director	Ping-Hsien Ho (1~2 are Representatives of Plenty Type Limited (Cayman Islands))	0 999,999	0.00 99.99

(2) Operating Highlight of Affiliated Companies

Financial Status and Operating Results of Affiliated Companies

Unit: NT\$ 1,000

Entity Name	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Profit	Profit for the period	EPS (NT\$) (After income tax)
Plenty Type Limited (Cayman Islands)	470,459	1,404,421	486	1,403,935	23,057	21,418	19,063	0.33
Charoen Pokphand (Taiwan) Corp. Ltd.	27,152	80,908	34,784	46,124	135,750	11,152	9,253	3.41
Arbor Acres Taiwan Co., Ltd.	32,000	289,490	53,662	235,828	296,828	106,962	85,417	26.69
Rui Mu Foods Co., Ltd.	323,996	1,107,762	783,334	324,428	771,117	(21,934)	(16,834)	(0.97)
Rui Fu Foods Co., Ltd.	800,000	1,530,242	989,632	540,610	698,962	(28,588)	(77,761)	(0.97)
Sheng Da Foods Co., Ltd.	260,000	551,012	416,594	134,418	986,833	(78,916)	(66,778)	(2.87)
Chia Tai Lianyungang Co., Ltd.	3,349	3,256	75	3,181	0	(388)	(439)	(0.44)

2. Consolidated Financial Statements of Affiliated Companies & Affiliation Report:
Please refer to the following statement.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standards 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries did not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries

By

Cheng, Wu Yeh, Chairman

March 11, 2024

II. Private Placement Securities in the Most Recent Years and to the publish date of the Annual Report: None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and to the publish date of the Annual Report: None.

IV. Other Essential Supplement: None.

The Items with Material Impact on Shareholder's Equity or Stock Market Price in accordance with the Article 36, paragraph 3, subparagraph 2 of Securities and Exchange Act: None.